

**DRAFT GUIDANCE FICHE FOR DESK OFFICERS**  
**ARRANGEMENTS ON TERRITORIAL DEVELOPMENT**  
**VERSION 2 – 22/01/2014**

**RELEVANT PROVISIONS IN THE LEGISLATION**

Regulation	Articles
<b>Common Provisions Regulation</b> (N° 1303/2013)	Article 2 – Definitions Article 15 - Content of the Partnership Agreement Article 16 - Adoption and amendment of the Partnership Agreement Article 27 - Content of programmes Article 29 - Procedure for the adoption of programmes Articles 32 to 35- Community-led local development Article 36 – Integrated territorial investment Article 96 – Content, adoption and amendment of operational programmes under the Investment for growth and jobs goal Annex I – Common Strategic Framework
<b>ERDF Regulation</b> (N° 1301/2013)	Article 7 – Sustainable urban development Article 10 – Areas with natural or demographic handicaps Article 11 – Northernmost regions with very low population density Article 12 – Outermost regions
<b>ESF Regulation</b> (N° 1304/2013)	Article 3- Scope of support (CLLD) Article 12 – Specific provisions on the treatment of particular territorial features
<b>EAFRD Regulation</b> (N° 1305/2013)	Articles 42 to 44 - LEADER
<b>EMFF Regulation (still under negotiation on date)</b>	Articles 58-66
<b>European Territorial Cooperation (ETC) Regulation</b> (N° 1299/2013)	Article 8 – Content, adoption and amendment of cooperation programmes Article 10 - Community-led local development Article 11 - Integrated territorial investment

*This is a draft document based on the new ESIF 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

The legislative framework for 2014-2020 integrates arrangements on territorial development in the strategic framework at different levels. This note focuses more particularly on arrangements concerning programmes under the Investment for Growth and Jobs goal and ETC programmes, although territorial development issues are also relevant in programmes under the EAFRD and the EMFF.

In order to address key territorial challenges in the preparation of their Partnership Agreement and programmes, thereby taking into account territorial cohesion, Member States shall identify the specific challenges of each region, taking into account the major societal challenges faced by the EU today (globalisation, demographic change, environmental degradation, migration, climate change, energy use, the economic and social consequences of the crisis). According to the intervention logic, this analysis shall help them identifying their specific needs and potential to achieve Europe 2020 objectives, as well as selecting the corresponding thematic objectives, investment and Union priorities, specific objectives and appropriate delivery mechanisms.

### *Annex I of CPR (CSF) – Section 6 Arrangements for Addressing Key Territorial Challenges*

6.1. *Member States shall take account of geographic or demographic features and take steps to address the specific territorial challenges of each region to unlock their specific development potential, thereby also helping them to achieve smart, sustainable and inclusive growth in the most efficient way.*

6.2. *The choice and combination of thematic objectives, as well as the selection of corresponding investment and Union priorities and the specific objectives set shall reflect the needs and potential for smart, sustainable and inclusive growth of each Member State and region.*

6.3. *When preparing Partnership Agreements and programmes Member States shall therefore take into consideration that the major societal challenges faced by the European Union today - globalisation, demographic change, environmental degradation, migration, climate change, energy use, the economic and social consequences of the crisis – may have different impacts in different regions.*

[...]

6.5. *In order to take into account the objective of territorial cohesion, the Member States and regions shall, in particular, ensure that the overall approach to promoting smart, sustainable and inclusive growth in the areas concerned:*

(a) *reflects the role of cities, urban and rural areas, fisheries and coastal areas, and areas facing specific geographical or demographic handicaps;*

(b) *takes account of the specific challenges of the outermost regions, the northernmost regions with a very low population density and of island, cross-border or mountain regions;*

(c) *addresses urban-rural linkages, in terms of access to affordable, high quality infrastructure and services, and problems in regions with a high concentration of socially marginalised communities.*

## 2. KEY ISSUES

### 2.1. Arrangements on territorial development at Partnership Agreement level

A specific section of the Partnership Agreement has to be dedicated to the integrated approach to territorial development. The CPR provides tools such as community-led local development and integrated territorial investment, designed for this purpose, at their disposal. Also other arrangements are possible, e.g. the use of operational programmes based on a specific area or specific priority axes. Though these elements refer to interventions that eventually will be undertaken at a sub-regional level, these should be included in the Partnership Agreement. In fact, they demand both close coordination of the ESI Funds at national and regional level, in the planning and implementation phase; and commitment from the authorities managing the different ESI Funds to a common set-up, which cannot be easily attained at the level of individual programmes. Therefore, arrangements for the use of these territorial development tools covering all ESI Funds need to be agreed at national or regional level before submitting the Partnership Agreement to the Commission. This is especially the case for highly regionalised or federal Member States, where the Partnership Agreement should provide an overview of how an integrated approach to the use of ESI Funds will be achieved at regional level.

#### *Article 15 - CPR*

##### ***Content of the Partnership Agreement***

[...]

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;*

(ii) *the main priority areas for cooperation under the ESI Funds, taking account, where appropriate, of macro-regional strategies and sea basin strategies;*

(iii) *where appropriate, an integrated approach to addressing the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities, persons with disabilities, long term unemployed and young people not in employment, education or training;*

(iv) *where appropriate, an integrated approach to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps as referred to in Article 174 TFUE*

According to Article 16(2) of the CPR, the section of the Partnership Agreement dedicated to the integrated approach to territorial development will not be subject to formal adoption by the Commission, unless Member States use the provisions of Article 96(8) – see section 2.3 below. Nevertheless, in all the Partnership Agreements this part will be assessed by the Commission and its content will be binding for Member States. In case of amendment of this part, the Member State shall notify the Commission thereof within one month of the date of the decision of the amendment.

*2.1.1. The arrangements to ensure an integrated approach to the use of the ESI Funds for the territorial development of specific sub-regional areas*

The Partnership Agreement should first outline the approaches set out at national level to ensure an integrated use of the ESI Funds for the territorial development at regional and sub-regional level in different types of territories. This should mainly cover the approach to community-led local development (CLLD)<sup>1</sup>, the use of integrated territorial investment (ITIs)<sup>2</sup> and to sustainable urban development, where relevant.

As regards CLLD, this sub-section should:

- identify the main challenges and objectives that the Member State intends to tackle with the help of the CLLD approach, and also to which thematic objectives CLLD will contribute;
- The Member State should also indicate the types of territories (such as urban, rural or cross-border areas; areas with specific characteristics in terms of population density or settlement pattern; areas with strong fisheries dimension, etc.) where CLLD is envisaged to be implemented, since this would reflect its strategic choices regarding the role, the objectives and the potential thematic focus of CLLD;
- If the Member State wishes to implement CLLD in the entire territory of the Member State this should also be indicated;
- Where relevant, the Member State shall also explain why it envisages derogating from population limits for the areas to be covered by CLLD (in line with Article 33.6 CPR);
- The Partnership Agreement should also identify the ESI Funds that shall be used for CLLD, an approximate planned budget allocation for each Fund and the role of each ESI Fund in different types of territories, taking into account that CLLD is obligatory under the EAFRD (LEADER);

---

<sup>1</sup> The main reference document for CLLD is the common guidance of the European Commission's Directorates General – AGRI, EMPL, MARE, REGIO- on Community-Led Local Development in European Structural and Investment Funds.

<sup>2</sup> See the dedicated guidance fiche on ITIs

- It shall also indicate whether the Member State will support local development strategies financed from multiple ESI Funds and, where appropriate, whether the Member State will apply the possibility to designate a lead Fund in the context of integrated multi-fund local development strategies (or, how the integrated approach will be achieved at the local level);
- The Partnership Agreement could also identify the modalities for coordination and administrative set-up for CLLD, and the specific role that the local action groups (LAGs) will be attributed in their delivery.

As regards integrated territorial investment (ITIs), the Partnership Agreement should give an overview of the territories where ITIs will be used. A region by region description should be avoided, if possible. However, in some cases, particularly where ITIs are used to address issues specific to only one or a few regions, this may be warranted. The Member State shall also indicate which ESI Funds will be used to implement ITIs and in which types of territories. Moreover, the Partnership Agreement shall contain a description of the implementation arrangements to carry out ITIs (coordination arrangements between ESI Funds and managing authorities, arrangements for the delegation of management and implementation tasks of an ITI).

As regards integrated actions for sustainable urban development, the Partnership Agreement should set out the principles for the selection of urban areas where such actions shall be implemented<sup>3</sup>. It shall also contain the indicative allocation at national level to integrated actions for sustainable urban development under the ERDF (required by Article 7(3) of the ERDF regulation) and the ESF (not required, but can be necessary to attain an overview of the integrated actions concerned). It is indeed recalled that at least 5% of the ERDF resources allocated at national level under the Investment for growth and jobs goal should be dedicated to such actions<sup>4</sup>. The Commission will verify whether the ERDF 5% requirement has been achieved at national level at the first stage, by combining at national level the overall ERDF allocations mentioned in all relevant operational programmes (see Table 20 of the model for the OP under the Investment for growth and job goals in SFC 2014) and at the second stage, by checking that those resources meet the requirements of Article 7 of the ERDF Regulation.

The relevant OPs shall indeed demonstrate that they support sustainable urban development through strategies setting out "integrated actions" tackling the economic, environmental, climate, demographic and social challenges affecting urban areas and that urban authorities are at least responsible for tasks relating to the selection of operations (see section 2.2.2 below).

---

<sup>3</sup> There is no definition of which territories should be considered as "urban areas" in the Common Provisions Regulation or the ERDF Regulation. It is therefore up to Member States to define the appropriate level of territories to be considered as "urban areas" to fulfil the ERDF requirements.

<sup>4</sup> Article 7(4) of the ERDF Regulation does not exclude from the calculation of the 5% requirement either the specific allocation for the Northernmost regions with very low population density (mentioned in Article 11 of the ERDF Regulation) or for outermost regions (mentioned in Article 12 of the ERDF Regulation), nor ERDF contribution to technical assistance. Hence the 5% is calculated from the entire financial allocation, including the specific allocation to the Northernmost regions with very low population density and to outermost regions and technical assistance. However, ERDF support to European territorial cooperation is excluded from this requirement.

*Article 7 – ERDF Regulation*

***Sustainable urban development***

1. *The ERDF shall support, within operational programmes, sustainable urban development through strategies that set out integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban-rural linkages.*

*[...]*

3. *Taking into account its specific territorial situation, each Member State shall establish in its Partnership Agreement the principles for the selection of urban areas where integrated actions for sustainable urban development are to be implemented and an indicative allocation for those actions at national level.*

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 [CPR], 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 operational programmes concerned.*

A category of intervention relating to "territorial delivery mechanism" has been added in the list of categories for the period 2014-2020 in order to allow collection of information on the use of community-led local development, ITIs and integrated approaches to sustainable urban development for monitoring and evaluation purposes.

*2.1.2. The main priority areas for cooperation under the ESI Funds*

The Partnership Agreement should in addition indicate the main priority areas for cooperation under the ESI Funds, taking account, where appropriate, of macro-regional and sea-basin strategies. This sub-section should set out how the Member State intends to make use of the possibilities for cooperation provided for in the regulatory framework. This includes cooperation activities carried out under the European Territorial Cooperation Goal (ETC), the contribution of programmes to the implementation of macro-regional and sea-basin strategies and the implementation of joint actions with beneficiaries from different Member States financed through the respective Investment for Growth and Jobs programmes (from both ERDF and ESF).

This section may for example set out pressing infrastructure needs of a border area, indicate priority environmental or risk prevention challenges to be addressed in a transnational context or highlight specific development potentials that could be realised through cross-border cluster initiatives. It should be made clear in this section how a complementary use of Funds from the ETC programmes and the programmes under the Investment for Growth and Jobs goal could contribute to addressing these challenges, in line with the overall development strategy for the Member State or region concerned.

It is important to underline that this section in the Partnership Agreement should not include detailed priorities for individual cooperation programmes, as these will continue to be the outcome of the negotiations of the Member States participating in a cooperation programme. The purpose is to show how the strategy that is pursued by the Member State to reach the Europe 2020 objectives will be complemented through cooperative action under ETC.

In relation to the joint actions with beneficiaries from different Member states financed under the Investment for Growth and Jobs programmes, this section could for example set out how a Member State or region intends to make use of and implement actions based on good practice identified through interregional cooperation. It could also be used for cooperation action not covered by an cooperation programmes, for example for bilateral cooperation outside of the geographical scope of a cross-border programme.

Where a Member State participates in a macro-regional or sea-basin strategy, this section should set out how the priorities of the strategy and related Action Plans are taken into account in the planned interventions.

*2.1.3. Where appropriate, an integrated approach to addressing the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or social exclusion*

One of the Europe 2020 headline targets is lifting at least 20 million people out of poverty and social exclusion. A specific sub-section of the Partnership Agreement is dedicated to the integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or exclusion, where appropriate. As general rule, this section should be included in the Partnership Agreement. Exceptions may be warranted e.g. in case of Member States which comprise only developed regions and where the proportion of the population in or at risk of poverty is significantly below the EU average.

The inclusion of this section in the Partnership Agreement is explained by the fact that poverty is a complex challenge, which often requires integrated and multi-sectoral interventions and close coordination and cooperation between authorities managing different ESI Funds. The significant territorial dimension of poverty, which can be geographically concentrated into certain areas, also explains why it was placed under the general heading of the integrated approach to territorial development.

In any case, Member State should identify in their Partnership Agreement the relevant geographical areas (preferably on the basis of poverty maps, e.g. NUTS III or LAU 1, formerly known as NUTS IV regions with an at-risk-of-poverty rate 20 percentage points above national average)<sup>5</sup> and target groups, describe their specific needs and set out an integrated approach, covering the relevant ESI Funds, to address those needs.

---

<sup>5</sup> There are no restrictions or requirements as regards the level at which this data should be analysed, however in most cases the analysis should be carried out at a lower level than NUTS II regions in order to be useful. NUTS

*2.1.4. Where appropriate, an integrated approach to address the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps*

Where the Member State has highlighted specific development needs of areas which suffer from permanent natural or demographic handicaps (such as the northernmost regions with very low population density and island, cross-border and mountain regions), which require integrated intervention from the ESI Funds, it should provide a brief summary of how the ESI Funds will be used to tackle the specific development needs of these regions, insofar as the approach is specific to these regions.

**2.2. Arrangements on territorial development at programme level**

Programmes under the Investment for growth and jobs goal should contain a specific section related to integrated approaches to territorial development, including where relevant the use of community-led local development and of integrated territorial investment<sup>6</sup>. Where relevant, this section should also set out the indicative allocation to integrated actions for sustainable integrated urban development to enable the verification of the minimum allocation of 5% of the overall ERDF allocation (at national level) to this area, as required by Article 7(4) of the ERDF Regulation, as well as the indicative allocation to ITIs other than implemented under urban development. It should eventually include arrangements for interregional and transnational actions whose beneficiaries are located in at least one other Member State, and, where appropriate, the contribution of the programme to macro-regional and sea-basin strategies. This section (including any of its future amendments) will be subject to formal adoption by the Commission.

Moreover, programmes under the Investment for growth and jobs goal should also outline, where relevant, the specific role of the programme in addressing the specific needs of geographic areas at risk of poverty or targets groups at risk of discrimination or exclusion as well as those suffering from permanent demographic or natural handicaps (see 2.2.4 below). Those elements are not subject to formal adoption by the Commission and remain under the responsibility of Member States. However, they are binding for Member States. Managing authorities shall notify to the Commission any decision amending those elements of the programmes within one month of the date of the decision.

The operational programme should not replicate the text already included in the Partnership Agreement, but complement and complete it. Therefore the information included in the operational programme also depends on what has already been set out in the Partnership Agreement and to which extent this information needs to be complemented.

---

III regions or particular administrative regions of a Member State may also be used as a point of reference. The analysis may also go to a neighbourhood level, where relevant.

<sup>6</sup> As regards the programming of CLLD/LEADER in Rural Development Programmes under the EAFRD the main reference document is the DG AGRI Measure fiche "LEADER local development".

Article 96- CPR

***Content, adoption and amendment of operational programmes  
under the Investment for growth and jobs goal***

[...]

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 it contributes to the accomplishment of the programme objectives and expected results, specifying, where appropriate, the following:*

(a) *the approach to the use of community led local development instruments and the principles for identifying the areas where it will be implemented;*

(b) *the indicative amount of the ERDF support for integrated actions for sustainable urban development, to be implemented in accordance with the provisions under 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;*

(d) *the arrangements for interregional and transnational actions, within the operational programmes, with beneficiaries located in at least one other Member State;*

(e) *where Member States and regions participate in macro-regional strategies and sea-basin strategies, subject to the needs of the programme area as identified by the Member State, the contribution of the planned interventions under the programme to such strategies.*

4. *In addition, the operational programme shall specify the following:*

(a) *where appropriate, the identification of whether and how it addresses the specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities, and persons with disabilities, and where relevant the contribution to the integrated approach set out in the Partnership Agreement;*

(b) *where appropriate, the identification of whether and how it addresses the demographic challenges of regions or specific needs of geographical areas which suffer from severe and permanent natural or demographic handicaps, as referred to in Article 174 TFUE and the contribution to the integrated approach set out in the Partnership Agreement to this end;*

[...]

10. *The Commission shall adopt a decision, by means of implementing acts, approving all the elements, including any of its future amendments, of the operational programme falling under this Article, except those falling under points (b)(vi), (c)(v) and (e) of the first subparagraph of paragraph 2, paragraphs 4 and 5, points (a) and (c) of paragraph 6 and paragraph 7, which remain under the responsibility of the Member States.*

### 2.2.1. *A description of the integrated approach to territorial development*

The specific section dedicated to territorial development in programmes should contain a description of how integrated approaches to territorial development will contribute to the accomplishment of the programmes objectives and expected results.

For this, Member States should outline the main territorial development needs and bottlenecks to be addressed, and main territorial development potentials, particularly in relation to the key challenges identified in the Common Strategic Framework.

These challenges and potentials will often exist in a functional area rather than within administrative borders (e.g. traffic congestion caused by commuting, deprived urban neighbourhoods, risk of flooding, business cluster opportunities, etc.). Therefore, the Member States should also address the associated governance challenges and identify steps to improve coordination across different territorial levels.

#### ***Annex I of CPR (CSF)***

##### ***Section 6 Arrangements for Addressing Key Territorial Challenges***

6.4. *With a view to an integrated territorial approach to addressing territorial challenges Member States shall ensure that programmes under the ESI Funds reflect the diversity of European regions, in terms of employment and labour market characteristics, interdependencies between different sectors, commuting patterns, population ageing and demographic shifts, cultural, landscape and heritage features, climate change vulnerabilities and impacts, land use and resource constraints, potential for more sustainable use of natural resources including renewables, institutional and governance arrangements, connectivity and accessibility, and linkages between rural and urban areas. In accordance with point (a) of Article 15(1), Member States and regions shall therefore undertake the following steps for the purpose of preparation of their Partnership Agreements and programmes:*

*(a) An analysis of the Member State's or region's characteristics, development potential and capacity, particularly in relation to the key challenges identified in the Union strategy for smart, sustainable and inclusive growth, the National Reform Programmes, where appropriate, relevant country-specific recommendations adopted in accordance with Article 121(2) TFUE and in relevant Council recommendations adopted in accordance with Article 148(4) TFUE.*

*(b) An assessment of the major challenges to be addressed by the region or Member State, the identification of the bottlenecks and missing links, innovation gaps, including the lack of planning and implementation capacity that inhibit the long-term potential for growth and jobs. This shall form the basis for the identification of the possible fields and activities for policy prioritisation, intervention and concentration;*

*(c) An assessment of the cross-sectoral, cross-jurisdictional or cross-border coordination challenges, particularly in the context of macro-regional and sea-basin strategies;*

*(d) Identification of steps to achieve improved coordination across different territorial levels, taking account of the appropriate territorial scale and context for policy design as well as Member States' institutional and legal framework, and sources of funding to deliver an integrated approach linking the Union strategy for smart, sustainable and inclusive growth with regional and local actors.*

### 2.2.2. *The use of territorial tools (CLLD, sustainable urban development, ITIs)*

Programmes should outline how the Member State will make use at national or regional level of the territorial tools introduced in the CPR or in the Fund-Specific Regulation to implement integrated approach of territorial development.

In cases where CLLD will be used, relevant programmes should explain how the areas in which CLLD will be implemented were identified and what were the principles for the selection, approval and funding of CLLD strategies and local action groups under Article 33(2 to 5) of the CPR. Programmes under the Investment for growth and jobs goal do not contain any financial table on the CLLD approaches<sup>7</sup>.

For programmes supporting sustainable urban development, this section should include the indicative amount of the ERDF and ESF support for those integrated actions. For this, the Commission will check whether those resources meet the requirements of Article 7 of the ERDF Regulation:

- First of all, Member State / Managing Authorities will need to demonstrate that their programmes *support sustainable urban development through strategies that set out integrated actions<sup>8</sup> to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban-rural linkages<sup>9</sup>*. Although the Commission has no formal role in regard to the selection or approval of these strategies - this is the responsibility of the Member State, the Commission will verify whether the envisaged support to those integrated actions is indeed based on integrated sustainable urban strategies that address the specific needs, opportunities and potential of the urban area, taking into consideration the five challenges mentioned by the Regulation.

**=> ERDF funding (or ERDF/ESF in multi-fund programmes) shall support actions embedded in an integrated urban strategy contributing to at least two thematic objectives, if it is demonstrated that other elements of that strategy are addressed by other resources through a closely coordinated approach.**

- Moreover, urban authorities shall be responsible, at least, for the tasks relating to the selection of operations, allowing for a final eligibility check by the managing authority. In order to fulfil this requirement, managing authorities need therefore to identify urban authorities involved in the elaboration and the implementation of an integrated urban development strategy. The operational programme should indicate the extent of their involvement in the management of these actions.

<sup>7</sup> As regards CLLD/LEADER in the Rural Development Programmes under the EAFRD the financial management will be done on the level of the measure. Under the EMFF programming will be done at the level of Union priorities. If Union priority 4 ("increasing employment and territorial cohesion") is dedicated exclusively to CLLD, a top-up of 10% of the co-financing rate will be granted.

<sup>8</sup> Article 7 of the ERDF Regulation refers to "integrated actions for sustainable urban development", which is indeed a narrower concept than "urban development actions". Integrated refers to the fact that the actions are embedded in a coherent strategy. It does not include actions which are implemented in urban areas but which are not part of an integrated urban strategy.

<sup>9</sup> The reference to urban-rural linkages does not mean that any integrated territorial action could be counted under the 5% ERDF requirements. Focus should remain on functional urban areas.

*Article 7 – ERDF Regulation*

***Sustainable urban development***

[...]

2. *Sustainable urban development shall be undertaken through Integrated territorial investment as referred to in Article 36 of Regulation (EU) No. 1303/2013 [CPR], or through a specific operational programme, or through a specific priority axis in accordance with point (c) of the first subparagraph of Article 96(1) of Regulation (EU) No 1303/2013 [CPR].*  
[...]

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.*

In addition, it should be clear from the operational programmes whether the Member State will undertake those "integrated actions for sustainable urban development" through ITIs, through a specific programme or through a specific priority axis. Whatever the tool selected, the Member State / Managing Authority will have to fulfil the abovementioned requirements (existence of integrated urban development strategy and delegation of tasks to urban authorities). Opting for a specific priority axis instead of an ITI or vice versa does not change the applicability of these requirements. A "specific" priority axis should be exclusively dedicated to sustainable urban development (i.e. it should not cover territorial development in a wider sense) and shall combine priorities from at least two thematic objectives.

In practice, two main elements should be taken into account by the Member State / Managing Authority when choosing between ITIs or a dedicated priority axis to fulfil the requirement of Article 7 of the ERDF Regulation:

- The first difference between both tools is about the earmarking of resources at programme level. Within a dedicated priority axis, the amounts have to be broken down by thematic objective and are fixed as such by Commission decision. Any transfers between thematic objectives within this priority axes will require a Commission decision. In the case of ITIs, especially if there are several ITIs planned, there can be more financial flexibility in terms of the financial allocation across thematic objectives. This is because the operational programme does not require a breakdown between individual ITIs.
- Secondly, an ITI shall be used for implementing one single integrated territorial development strategy in a designated territory covering a contiguous urban area or a functional urban area, whereas the choice of a priority axis does not require such a prerequisite. Therefore, several ITIs or a dedicated priority axis should be developed for broader areas covering the whole territory of a region or a MS to fulfil the requirement of Article 7 of the ERDF Regulation. If the Member State / Managing authority envisages using a specific priority axis to undertake sustainable urban

development as an alternative to ITIs or in addition to ITIs, it will have to demonstrate that this priority axis *supports sustainable urban development through strategies that set out integrated actions to tackle the economic, environmental, climate, demographic and social challenges affecting urban areas, while taking into account the need to promote urban-rural linkages*. There is no need in this case to have one single sustainable urban development strategy for the whole territory.

In addition to sustainable urban development, the programme shall also indicate whether the Member State will apply ITIs to other areas. In this case, the Member State should outline whether ITIs will constitute a significant implementation tool for the operational programme and where ITIs will be used (types of areas - if known or through which procedures the areas covered by ITIs will be selected later on)<sup>10</sup>. This sub-section should also provide for an indicative financial allocation to ITIs from each priority axis (other than those used for sustainable urban development under Article 7 ERDF Regulation)<sup>11</sup>. It should also indicate what arrangements will be put in place for the management and implementation of ITIs (coordination between managing authorities, delegation of tasks to intermediate bodies, etc.).

Finally, according to their analysis of their territorial challenges, needs and potentials (as mentioned in section 2.2.1), Member States might want to make use of the possibility given by the last sentence of Article 96.1 of the CPR, to combine one or more complementary investment priorities from different thematic objectives in a priority axis dedicated to territorial development. The derogations listed under Article 96 (1) can only be used '*where appropriate and in order to increase the impact and effectiveness of the programme through a thematically coherent integrated approach*'. Such an approach can be considered to preserve a proportionate approach e.g. where amounts involved are very modest. In any case, this territorial priority axis shall meet the following requirements:

- In order to be 'thematically coherent', this territorial axis should generally not cover more than three thematic objectives and there should be an intervention logic underpinning the combination of these thematic objectives. Note in this context that the references to thematic objective 8 promoting employment and supporting labour mobility<sup>12</sup> and thematic objective 9 promoting social inclusion and combating poverty<sup>13</sup> are likely to cover some of the main challenges affecting territorial areas. In any cases, the aim of this territorial axis should not be to cover all specific needs

---

<sup>10</sup> 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.

<sup>11</sup> 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 does not change.

<sup>12</sup> TO 8 covers the following investment priority (Art. 5(8)(b) of ERDF Regulation): '*Supporting employment-friendly growth through the development of endogenous potential as part of a territorial strategy for specific areas, including the conversion of declining industrial regions and enhancement of accessibility to, and development of, specific natural and cultural resources*'.

<sup>13</sup> TO 9 covers the following investment priority (Art. 5(9)(d) of ERDF Regulation): '*Undertaking investment in the context of community-led local development strategies*'.

expressed at local level, which do not fit into a territorial strategy and do not cross the objectives of Europe 2020.

- They shall be separate from those dedicated to actions for sustainable urban development.
- The Member State / Managing authority should be reminded that the use of a territorial priority axis combining one or more investment priorities from different thematic objectives will require them to monitor *'the amount of total financial appropriation from each of the Funds and the national co-financing for each of the corresponding thematic objectives'*.

2.2.3. *Where appropriate, the description of the mechanisms to ensure coordination with cooperation activities and macro-regional and sea-basin strategies.*

Where the Member State will be involved in interregional and transnational actions with beneficiaries located in at least one other Member State, the operational programme should give an overview of this approach. It should also contain a description of the expected contribution of these actions to the achievement of the programme's objective and their expected benefit for the programme area.

In addition, where the Member State / region participate in macro-regional strategies and sea-basin strategies, the programme should describe how these strategies have been taken into account in the definition of its specific objectives and actions to be supported.

2.2.4. *Where relevant, the specific role of the programme in addressing the specific needs of geographic areas at risk of poverty or targets groups at risk of discrimination or exclusion as well as those suffering from permanent demographic or natural handicaps*

Most programmes should contain a specific section on whether and how it will address the specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities and persons with disabilities. Concerned areas should be precisely identified, using poverty maps and NUTS III or LAU 1 (formerly known as NUTS IV) with an at-risk-of-poverty rate 20 percentage points above national average. The Member State should also outline the actions focussing on those geographical areas / target groups most affected by poverty.

Moreover, the programme should contain, where appropriate, a specific section identifying whether and how it will address demographic challenges of regions or specific needs of geographical areas which suffer by severe and permanent natural or demographic handicaps (as defined in Article 174 of the Treaty).

### **2.3. Special arrangements for Member States which set up a maximum of one programme for each Fund under cohesion policy under the Investment for growth and jobs goal**

Article 96 (8) of the CPR sets out that in cases where the Member State prepares a maximum of one programme per Fund (ERDF, ESF and Cohesion Fund<sup>14</sup>), certain elements of the programmes may be included only in the Partnership Agreement and not in the programmes themselves:

- the approach to the use of community-led local development instruments and the principles for identifying the areas where it will be implemented;
- the approach to the use of the Integrated Territorial Investment instrument in areas other than sustainable urban development, and their indicative financial allocation from each priority axis;
- the arrangements for interregional and transnational actions, within the operational programmes, with beneficiaries located in at least one other Member State;
- where appropriate, the identification of whether and how the operational programme addresses the specific needs of geographical areas most affected by poverty or target groups at highest risk of discrimination or social exclusion, with special regard to marginalised communities, and persons with disabilities and;
- where appropriate, the identification of whether and how the operational programme addresses demographic challenges of regions or specific needs of areas which suffer from severe and permanent natural or demographic handicaps;

The Member State should indicate in each of the programmes whether it uses this possibility.

### **2.4. Special arrangements for ETC programmes**

Cooperation programmes should contain a specific section related to integrated approaches to territorial development, including the use of community-led local development and of integrated territorial investment. This section should also set out the principles for identifying the urban areas where integrated actions for sustainable integrated urban development are to be implemented according to Article 7 of the ERDF Regulation and the indicative allocation of ERDF support for these actions. Where appropriate, the programme should outline its contribution to macro-regional and sea-basin strategies. This section will be subject to formal adoption by the Commission.

---

<sup>14</sup> Article 96 of the CPR does not apply to EAFRD and EMFF and thus these provisions are not extended to these Funds.

Article 8

***Content, adoption and amendment of cooperation programmes***

3. *Taking into account its content and objectives, a cooperation programme shall describe the integrated approach to territorial development, including in relation to regions and areas referred to in Article 174 (3) TFEU, having regard to the Partnership Agreements of the participating Member States, and showing how that cooperation programme contributes to the accomplishment of its objectives and expected results, specifying; where appropriate, the following;*

- (a) the approach to the use of community-led local development instruments and the principles for identifying the areas where it will be implemented;*
- (b) the principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented and the indicative allocation of the ERDF support for such actions,*
- (c) the approach to the use of the integrated territorial investment instrument referred to in Article 11, other than in cases covered by (b), and their indicative financial allocation from each priority axis,*
- (d) where Member States and regions participate in macro regional strategies and sea basin strategies, the contribution of the planned interventions under the cooperation programme to those strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, the strategically important projects identified in those strategies.*

*[...]*

12. *The Commission shall adopt a decision, by means of implementing acts, approving all elements, including any of its future amendments, falling under this Article except those falling under point (b)(vii) of paragraph 2, point (c)(v) of paragraph 2, point (e) of paragraph 2, points(a)(i) and (c) of paragraph 4, and paragraphs 5 and 7 of this Article, which remain under the responsibility of the participating Member States.*