



Integrated territorial and urban strategies: how are ESIF adding value in 2014-2020?

Annex 4 – Strategy Fiches

EUROPEAN COMMISSION

Directorate-General for Regional and Urban Policy
Unit 03 – Inclusive Growth, Urban and Territorial Development

E-mail: REGIO-URBAN-TERRITORIAL@ec.europa.eu

*European Commission
B-1049 Brussels*

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Luxembourg: Publications Office of the European Union, 2017

ISBN: 978-92-79-79920-4

doi: 10.2776/154437

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LIST OF STRATEGY FICHES

Case study	Member State	Code	SUD/non SUD	Type of city/region	Population	Implementation method	Type of region	Multi-fund	CLL D	FI	Private funding	Rural urban
Vienna	AT	AT-SUD-1	SUD	Metropolitan	1840000	PrAxis	MD	No	No	No	No	Yes
Limburg	BE	BE-ITI-1	non-SUD-ITI	Region	85000	ITI	MD	Yes	No	No	No	No
Brussels	BE	BE-SUD-3	SUD	Town	1139000	OP	MD	No	No	Yes	No	No
Plovdiv	BG	BG-SUD-6	SUD	Town	504338	PrAxis	LD	No	No	No	Yes	No
Pazardjik	BG	BG-SUD-24	SUD	Town	69384	PrAxis	LD	No	No	No	No	Yes
Nicosia	CY	CY-SUD-3	SUD	Neighbourhood	8244	PrAxis	TR	Yes	No	No	Yes	Unclear
Prague	CZ	CZ-SUD-6	SUD	Metropolitan	609000	ITI	MD	Yes	No	No	No	Unclear
Brno	CZ	CZ-SUD-1	SUD	Town	2000000	ITI	LD	Yes	No	No	No	Unclear
Ústí nad Labem	CZ	CZ-SUD-7	SUD	Town	52000	ITI	LD	Yes	No	No	No	No
Berlin	DE	DE-SUD-20	SUD	Metropolitan	3500000	PrAxis	MD	No	No	No	Yes	No
Nordhausen	DE	DE-SUD-61	SUD	Town	41839	PrAxis	TR	No	No	No	Yes	Yes
Ostalbkreis	DE	DE-ITI-9	ITI- Like	Region	307000	n/a	MD	No	No	No	No	Yes
Vejle	DK	DK-SUD-3	SUD	Town	53230	PrAxis	MD	No	No	No	Yes	Yes
Tartu	EE	EE-SUD-5	SUD	Metropolitan	120929	PrAxis	LD	No	No	No	No	Yes
Patras	EL	EL-SUD-01	SUD	Neighbourhood	150000	ITI	LD	Yes	No	Unclear	No	Yes
Egnatia Odos	EL	EL-ITI-01	non-SUD-ITI	Region	541985	ITI	LD	Yes	No	No	Yes	Unclear
Malaga	ES	ES-SUD-15	SUD	Town	59695	PrAxis	TR	No	No	No	No	Yes
Barcelona	ES	ES-SUD-39	SUD	Town	114014	PrAxis	MD	No	No	No	No	No
Azul	ES	ES-ITI-1	non-SUD-ITI	Region	9000000	ITI	MD and TR	Yes	No	No	No	No
Six cities	FI	FI-SUD-1	SUD	Town	1600000	ITI	MD	Yes	No	No	No	No
Aurillac	FR	FR-SUD-51	SUD	Other	54036	PrAxis	TR	No	No	No	No	Yes
Centre Franche-C	FR	FR-SUD-88	SUD	Region	319868	PrAxis	TR	Yes	No	Unclear	No	Yes
Lille	FR	FR-SUD-100	SUD	Metropolitan	357220	ITI	MD	No	No	Unclear	No	No
Zagreb	HR	HR-SUD-2	SUD	Town	1086528	ITI	LD	Yes	No	No	Unclear	Yes
Pecs	HU	HU-SUD-16	SUD	Town	145000	PrAxis	LD	Yes	No	No	Yes	Yes

Strategies for integrated development: how are ESIF adding value in 2014-20?

Debrecen	HU	HU-SUD-6	SUD	Town	145000	PrAxis	LD	Yes	No	No	No	Unclear
Tatabanya	HU	HU-SUD-11	SUD	Town	68000	PrAxis	LD	Yes	No	No	No	Yes
Cork	IE	IE-SUD-2	SUD	Metropolitan	119230	PrAxis	MD	No	No	No	No	No
Torino	IT	IT-SUD-16	SUD	Town	905000	OP and PrAxis	MD	Yes	No	No	Unclear	Yes
Palermo	IT	IT-SUD-18	SUD	Town	1069754	OP and PrAxis	LD	Yes	No	No	No	Unclear
Matera	IT	IT-ITI-29	non-SUD-ITI	Town	60347	PrAxis	LD	Unclear	Unclear	Unclear	Unclear	Unclear
Reggio Emilia	IT	IT-SUD-4	non-SUD-ITI	Region	171655	PrAxis	LD	No	No	No	Yes	Yes
Kaunas	LT	LT-SUD-1	SUD	Neighbourhood	297846	ITI	LD	Yes	Yes	No	Yes	Yes
Liepaja	LV	LV-SUD-4	SUD	Town	71926	ITI	LD	No	No	No	No	Yes
The Hague	NL	NL-SUD-2	SUD	Town	510000	ITI	MD	Yes	Yes	No	Yes	Yes
Katowice	PL	PL-SUD-3	SUD	Metropolitan	2759961	ITI	LD	Yes	No	No	No	No
Walbrzych	PL	PL-SUD-5	SUD	Metropolitan	415800	ITI	LD	Yes	No	No	No	Yes
Lublin	PL	PL-SUD-2	SUD	Metropolitan	547784	ITI	LD	Yes	No	No	No	Yes
Elblag	PL	PL-ITI-6	non-SUD-ITI	Region	206000	ITI	LD	Yes	No	No	No	Yes
Porto	PT	PT-SUD-81	SUD	Metropolitan	237534	ITI	LD	No	No	Yes	Unclear	No
Cascais	PT	PT-SUD-5	SUD	Town	206479	PrAxis	MD	No	No	Yes	No	No
Tâmega e Sousa	PT	PT-ITI-16	Non-SUD-ITI	Region	432915	ITI	TR	Yes	No	Unclear	Unclear	Unclear
Timisoara	RO	RO-SUD-11	SUD	Town	387000	PrAxis	LD	Yes	No	No	Yes	No
Ploiesti	RO	RO-SUD-7	SUD	Town	327000	PrAxis	LD	No	No	No	No	Yes
Danube	RO	RO-ITI-1	Non-SUD-ITI	Region	184000	ITI	LD	Yes	Yes	No	No	Unclear
Stockholm	SE	SE-SUD-3	SUD	Metropolitan	2100000	OP	MD	No	No	Yes	No	Yes
Maribor	SI	SI-SUD-5	SUD	Town	81165	ITI	LD	No	No	No	No	Unclear
Nitra	SK	SK-SUD-2	SUD	Town	92935	ITI	LD	No	Yes	No	No	No
London	UK	UK-SUD-1	SUD	Metropolitan	8539000	ITI	MD	Yes	No	Yes	Yes	Yes
Cornwall and the of Scilly	UK	UK-ITI-1	non-SUD-ITI	Region	536000	ITI	TR	Yes	No	Yes	No	No

Strategy fiche – Vienna, Austria

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2050
Is the strategy new?	Pre-existing and unchanged
Size of town/city	1,000,000 - 5,000,000 inhabitants

Vienna is the capital of Austria and, with 1,840,000 inhabitants, it is by far the largest city of the country. It is also Austria's economic and cultural centre and is host to many international organisations, including the United Nations and OPEC. In governance terms, it has a double role, being both a municipality (one of 2,100 in Austria) and a federal state or *Land* (one of nine in Austria).

Targeted areas

The Smart City Wien Framework Strategy (SCWFS) covers the entire city of Vienna. Other municipalities that are part of the urban agglomeration of Vienna, which is estimated at a total of 2.6 million inhabitants, are not covered, but they are included in the wider governance arrangements via coordination mechanisms with the neighbouring State Governments of Burgenland and Lower Austria.

While most of the ERDF interventions (Measures 16 to 18 of the OP) will be implemented across the entire city, OP Measure 20 on the improvement of disadvantaged areas specifically targets the Beltway (Gürtel) area to the west of the city centre. The Beltway road has one of Austria's highest volumes of traffic, and its surrounding areas are facing social and environmental challenges.

Challenges and objectives

The SCWFS targets three key areas:

- Quality of life (social inclusion, health, environment)
- Resources (energy, mobility, infrastructure, buildings)
- Innovation (education, economy, RTI)

The overarching objective is 'the best quality of life for all Viennese citizens, while making the best sustainable use of the available resources and achieving this with comprehensive innovations'.

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF	1a, 1b			4e					9b		

Rationale and added value of the strategy

The SCWFS is Vienna's answer to the high population-growth estimates for Vienna and the resulting challenges for the city. Vienna is ranked very high in most international development indexes and places particularly high emphasis on its high quality of life. The SCWFS is an umbrella strategy and a reference document, but also a practical guide for the city's sectoral strategies. It defines objectives and a development path until 2050.

The strategy is the result of a long and wide-reaching participatory preparation process and has not been developed specifically to implement aspects of Cohesion policy. For instance, the SCWFS does not specifically mention any EU Cohesion policy funding. ERDF funding earmarked for Vienna under Article 7 from the single Austrian ERDF OP is limited, but it is used to fund activities that are not typically covered by any of Vienna's existing sectoral policy instruments.

Implementation mechanisms

The ERDF support for the strategy is implemented via grants. Article 7 in Vienna is covered by the multi-thematic Priority Axis 4 of the ERDF OP and is divided into four different measures and investment priorities: OP Measure 16 Research and technology infrastructure (IP1a), OP Measure 17 Innovation services (IP1b), OP Measure 18 Resource and energy efficiency (IP4e), and OP Measure 20 Improvement of disadvantaged areas (IP9b).

Funding arrangements

The total funding for the Vienna part of Priority Axis 4 is €39,387,880, half of which comes from the ERDF (€19,193,940). The funding is spread across four measures, three thematic objectives and four IPs, all part of Priority Axis 4 of the OP.

OP Measure and Investment Priority	ERDF allocation under Art. 7 (1000s)	Total public funding (1000s)
M16 Research and technology infrastructure – IP 1a	€ 5,000	€ 10,000
M17 Innovation services – IP 1b	€ 2,800	€ 5,600
M18 Resource and energy efficiency – IP 4e	€ 6,000	€ 12,000
M20 Improvement of disadvantaged areas – IP 9b	€ 5,894	€ 11,788
TOTAL	€ 19,694	€ 54,388

Type fund	Name fund	Amount
ESIF	ERDF	€ 19,694,000
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The strategy is based on several years of preparatory work. The ground was laid in the project 'Smart City Wien' funded by the Austrian Climate and Energy Fund (KLIEN) in 2011. The outcome of this project was a paper outlining three sub-strategies with different time horizons: an 'Action Plan 2012-15', a 'Roadmap for 2020 and beyond' and a 'Vision 2050', which formed the basis for the SCWFS. This project was followed by the FP7 project TRANSFORM (TRANSFORMation – Agenda For Low-Carbon Cities) and by TRANSFORM+, a project funded domestically by KLIEN under its scheme 'Smart Cities – FIT for SET', which developed parts of the SCWFS's content further.

The strategy-design process was separate from Cohesion policy programming. It was led by the Viennese Government Department of Urban Development and Planning and included mainly a steering group, an expert advisory board and several thematic expert working groups, which continue to be involved in the implementation phase of the strategy. The steering group has 15 members representing administrative departments of the city government (chief executive's office, thematic departments for urban development and planning, building, communication), Vienna municipal utilities (Stadtwerke Wien), Vienna Housing Fund (Wiener Wohnfonds), Vienna Business Agency and the Smart City Wien Agentur (run by TINA Vienna). The Smart City Agency carries out tasks delegated by the Department of Urban Development and Planning, e.g. the organisation of the regular Smart City Fora.

Consultation process

In the run-up to the approval of the SCWFS by Vienna's City Council on 24 June 2014, several events were held between April 2013 and February 2014 involving a varied range of actors. These events were not explicitly linked to the ERDF OP partnership arrangements:

- Smart City Wien stakeholder fora (29 April 2013, 26 November 2013)
- Press and Information Service workshop for senior staff of government departments (14 June 2013)
- Workshop of the Vienna Climate Protection Programme (2-4 October 2013)
- TRANSFORM project workshop (17-18 September 2013)
- IT firms workshop (25 September 2013)
- Mobility workshops (24 July 2013, 6 August 2013, 30 October 2013, 10 February 2014)
- Thematic focus groups (26 August 2013, 28 August 2013, 30 September 2013, 21 October 2013).

Since approval, these events have continued in the shape of so-called Smart City Vienna Fora:

- Presentation of the finalised framework strategy (3 November 2014)
- ICT (22 December 2014)
- Citizen participation (18 March 2015)
- Education: digital competences (19 October 2016).

Links to domestic pre-existing strategies

The SCFVS is a framework strategy, providing a reference point for many existing Viennese sectoral strategies covering areas such as planning, energy, environment, mobility, innovation, health and the digital agenda. Some of the main strategies incorporated are the Urban Energy Efficiency Programme, the Urban Development Plan STEP2025, the Mobility Concept, the Green and Open Space Concept, the Digital Agenda Vienna, the

Climate Protection Programme KliP, Innovative Vienna 2020 and Health Objectives Vienna 2025. However, this list is not exhaustive, and there are many more.

Measuring the effectiveness and added value of the strategy

A lot of importance is given to monitoring the strategy's implementation progress. However, the Article 7 element will be monitored in the context of the ERDF OP monitoring. In order to develop a suitable monitoring approach, the scoping project SMART.MONITOR was carried out between September 2015 and October 2016. It was funded by the Austrian Ministry for Transport, Innovation and Technology and involved external partners experienced in monitoring. The final report published in October 2016 provided recommendations for the development of the monitoring process in practice.

In parallel to the SMART.MONITOR project, the Department of Urban Development and Planning and the Smart City Wien Agentur started in May 2016 to test some of the suggested approaches. The first full round of monitoring indicators is foreseen for 2017. For the realisation of the monitoring system, the Department of Urban Development and Planning has applied for funding from Priority Axis 4 of the Austrian ERDF OP. The project application has been submitted in December 2016 and a funding decision by the 'EU Strategy and Economic Development' Department is expected in early 2017.

The strategy defines 51 objectives, comprising 17 quantitative and 34 qualitative ones. An example for a quantitative objective is a drop in per-capita greenhouse gas emissions by at least 35 percent in 2030 and by 80 percent in 2050 (compared to 1990). A qualitative objective is, for instance, that Vienna should become an innovation leader in 2050, due to its top-end research, strong economy and high-quality education.

Key challenges

The cross-sectoral approach of the SCWFS brought particular challenges, resulting in a long and complex process of coordination. Being an umbrella strategy, the SCWFS's scope is very broad and therefore involves many different actors. These include, for instance, many sectoral departments of the Vienna city administration.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The secretariat of the Conference on Spatial Planning (ÖROK Secretariat) is the Austrian ERDF managing authority. It has delegated project-level implementation tasks such as project approval to the Viennese intermediate body, the Department of EU Strategy and Economic Development.

The Viennese Government Department for EU Strategy and Economic Development is one of 16 intermediate bodies tasked with the implementation of the single Austrian ERDF OP. It is responsible for the implementation of all ERDF funding in Vienna, including measures under four Investment Priorities in Priority Axis 4 and under Investment Priority 3a (promoting entrepreneurship) in Priority Axis 2. For these, it acts as intermediate body and is responsible for project-level implementation tasks, i.e. in direct contact with beneficiaries. It carries out project appraisal and selection and receives regular progress reports from the project owners. It enters data into the monitoring system and checks the contractually agreed achievement of output targets.

The Viennese Government Department for Urban Development and Planning does not have a formal role in delivering EU funding, but plays a major role in the coordination of the strategic basis for Article 7 ERDF funding, the SCWFS. Due to the cross-sectoral nature of the strategy, many different sectoral departments of the city administration are involved in the strategy's implementation. There is a steering group formed by 15 representatives from the main bodies involved in drafting the strategy (see above). It meets four times a year; two of these meetings involve the participation of experts providing thematic input.

Special implementation arrangements

Not applicable.

Implementation progress

According to the managing authority, funding is envisaged to be used for a 'Responsible River Modelling Centre (RRMC)' and infrastructure in research centres (Measure 16), a technology platform looking into public procurement (Measure 17), management of industrial building zones, urban and regional mobility and logistics, development and implementation of low-carbon technologies (Measure 18) and improvement of public spaces using participatory processes (Measure 20). At the time of writing (November 2016), one project falling under Priority Axis 4 in Vienna had been approved, with a further three awaiting approval.

Evaluation

No specific evaluation of the SCWFS is planned. Instead, from 2017 there will be regular rounds of monitoring of the strategy's 51 indicators, and this is perceived to perform functions similar to an on-going evaluation. According to the ERDF OP's evaluation plan, the programme's Priority Axis 4, together with Priority Axis 5 on city-region development and CLLD, will be evaluated in 2019/20.

2.3 GOOD PRACTICE AND LESSONS LEARNED

ERDF funding for the strategy is seen as very important in spite of the limited resources. It allows funding process-related projects like the development of the monitoring system. More widely, both the Viennese department responsible for the strategy and the department acting as the Viennese intermediate body see the introduction of Article 7 provisions positively, as they ensure a minimum allocation of ERDF funding to urban matters. Implementing the funding via a separate priority axis is seen to be preferential to ITIs, which have been avoided in Austria due to their perceived complexity.

Throughout the process, Vienna has been engaging in European networks such as the European Innovation Partnership on Smart Cities and Communities (EIP-SCC) and particularly exchanging experiences with other European cities such as Amsterdam, Copenhagen, Hamburg and Stockholm. The SMART.MONITOR project in particular provided an opportunity to compare monitoring approaches with Graz, Salzburg, Cologne, Munich and Berlin.

Strategy fiche - ITI Limburg, Belgium

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Regional ITI
Type of region	More Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Urban and intermediate region
Planning horizon	2019
Is the strategy new?	Pre-existing and unchanged
Size of town/city	500,000 – 1,000,000 inhabitants

The province has a mixed urban-rural character with a total population of around 850,000 and a number of medium-sized cities, of which Genk and Hasselt are the largest.

Targeted areas

The ITI Limburg covers the whole province of Limburg in the North East of Belgium.

Challenges and objectives

Following an announcement on 24 October 2012 that the car manufacturer Ford intends to close its plant in Genk, the region is facing substantial pressure in terms of job creation and economic prosperity. As the region's largest employer, the closure of Ford Genk will have a major impact on the economic fabric and social structures in Limburg. Although the closure provided the direct impetus for action, many of the economic challenges of the region are deep-rooted. Key challenges in Limburg include:

- employment and prosperity are under pressure;
- the talent pool does not match market needs;
- lack of innovation and entrepreneurialism as well as insufficient export-orientation;
- inaccessibility (road / water / rail);
- lack of company finance acts as a barrier to regional convergence.

In response, the Flemish Government established a council of experts to draft a strategic action plan for region (*Strategisch Actieplan voor Limburg in het Kwadraat*, SALK), which includes short, medium and long-term recommendations to enhance the economic recovery and support sustainable job creation for the region. The SALK strategy anticipates the use of ERDF and ESF to implement actions. The plan was presented to the Flemish Parliament on 1 February 2013, and at the EU Council meeting on 7-8 February it was announced that EU funding would contribute to funding the action plan for the region. The ERDF and ESF actions will be implemented through an ITI.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF	1a, 1b		3d	4c							
ESF								8i, 8ii	9i	10i, 10ii, 10iii	

Rationale and added value of the strategy

There is widespread recognition that an integrated development approach is needed to address the challenges facing Limburg. The SALK has received strong political backing at the Flemish and the provincial levels. The Flemish Government decided to use the integrated territorial investment tool to channel EU-allocated funding and ensure close coordination with the SALK strategy.

Implementation mechanisms

The Provincial Technical Committee of Limburg will, in corporation with actors from Taskforce Limburg, prepare, implement and monitor projects within the SALK framework. ERDF project proposals will follow the overarching Flemish procedures in terms of submission and selection as set out in the Flemish OP. The managing authority is responsible for approval. There will be liaison between the managing authority and local actors. However, the former remains responsible for launching project calls and checking eligibility. Coordination between ERDF and ESF managing authorities will take place in an annual high-level forum that includes all partners.

Funding arrangements

Type fund	Name fund	Total amount
ESIF	ERDF	€ 45.2 million
	ESF	€ 26.7 million
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The design process for the Strategic Action Plan for Limburg (*Strategisch Actieplan voor Limburg in het Kwadraat*, SALK) was initiated in 2012. SALK is the underlying strategy that forms the basis of the integrated territorial investment (ITI) in Limburg. The immediate impetus for developing the SALK strategy was the closure of a major employer in the Genk region in Limburg and the associated loss of 10,000 jobs for the city and wider region.

The strategy-design process consisted of two phases. First, in response to the announcement of a factory closure in the Genk region in 2012 and the underlying structural challenges in the province, an expert group was formed at the instruction of the Prime Minister of the Flemish Government, who is also responsible for economic affairs. The

expert group drafted an action plan for the region over a two-month period (December 2012 – January 2013). The expert group consisted of 12 persons including private sector representatives, academics, labour market experts, representatives of financial services, public sector representatives and social partners as well as experts with a broad knowledge of economic structures in Flanders and Limburg. The group was tasked to provide an analysis of the impact of the closure of a car manufacturing plant in Genk. The final report was presented to the Flemish Government on 1 February 2013.

In the next phase, the plan was operationalised by a task force established by the Flemish Government and supported by a steering group that included representatives from various ministries. The task force consisted of representatives at Flemish, Provincial and city (Genk) levels as well as socio-economic partners and was chaired by the Prime Minister. The final SALK implementation plan was approved on 16 July 2013.

The ERDF and ESF contributions to the strategy are implemented by means of an ITI. The ITI is only one part of the overall SALK implementation plan. The majority of funding for implementation is provided from domestic sources. The ITI was established after discussions between the EC, Flemish Government and provincial government. The ITI steering group has drafted an ITI implementation note (*Start Nota*), which was approved by the managing authority in 2015. The document provides an overview of those actions that will be implemented through ITI and demonstrates how they fit within the underlying regional strategic plan (SALK) for the ITI Limburg.

Consultation process

The SALK was developed over a two-month period and involved a focused consultation process. A targeted consultation process was used in order to maintain a balance of influence from different interest groups. The expert group conducted 16 official hearings with representatives from employment and employers organisations, education and research institutions, local government authorities, implementation bodies and sectoral organisations. The expert group met a total of six times and a further 15 sub-groups met to discuss specific issues. The consultation process aimed to identify quick wins as well as setting out a strategic focus for the long term.

In contrast to the strategy consultation process, the development of the action plan included a broad consultation process that involved public authorities, social partners and knowledge institutes who could suggest concrete projects that fitted within the SALK strategy. There is an important tension here: on the one hand, this broad approach meant that many proposals had to be rejected; on the other hand, some observers believed that at this stage of the process it would have been more effective if the strategic focus had been sharpened. This would have allowed the development of stronger clusters of projects. The final action plan included financial allocations for each project that was included. The action plan was approved by the task force and the Flemish Government.

Links to domestic and pre-existing strategies

Limburg has extensive experience in terms of developing regional strategies – for example, as part of the implementation of reconversion strategies in the 1980s and 1990s. Since 1987, there have been various Limburg Plans that aimed to address structural and societal challenges in the province. However, in comparison to previous strategies, the SALK strategy and the related ITI offer a more integrated approach across different policy areas, and as such they take into account the economic foundations of the region and provide a broad basis for supporting the conditions for growth. Furthermore, the SALK recommendations were closely linked to existing policy frameworks in Flanders such as Flanders in Action (*Vlaanderen in Actie*, ViA) and the New Industrial Policy (*Nieuw Industrieel Beleid*, NIB). Respondents noted some important points for improvement of the SALK, which highlight the tension between urban and rural areas in the province. On the one hand, the urban dimension is a key focus point and in the future the focus on urban centres is set to increase in Flanders as a whole and Limburg specifically, particularly by considering how economies of scale can be achieved. On the other hand, some regions in the province currently feel that they are not benefiting as much from SALK as they should.

Several factors were considered important in the development of the strategy. First, due to the closure of a major employer in the region, which led to significant job losses, there was considerable political pressure to develop a strategic plan. As a consequence, there was strong political commitment at the local, regional and European levels for the process, which was overseen by the Prime Minister. Furthermore, key ministers at the Flemish level originated from Limburg, which also provided added incentive to act. Second, the appointment of an independent expert who was highly regarded by all parties greatly facilitated the process. Third, the province of Limburg has a strong regional identity, which provides a basis for cross-party cooperation as well as formulation of a unified position towards the Flemish Government. Fourth, the province has extensive experience in implementing structural reform projects, particularly in relation to the reconversion programmes in the 1980s and 1990s that were initiated as a consequence of the closure of mines in the region. Lastly, the province has a strong and competent public administration apparatus, particularly compared to some of the other provinces in Belgium, which meant that the development and implementation of the strategy could progress rapidly.

Measuring the effectiveness and added value of the strategy

The SALK action plan is measured holistically by the Flemish Government. The progress in implementation is measured twice a year and a monitoring report is produced. Monitoring is conducted by the department of Services for General Government Policy (*Diensten voor het Algemeen Regeringsbeleid*, DAR). The research service of the Flemish Government has developed a set of indicators that monitor socio-economic development in Limburg at the macro level. Baselines were set at the end of 2014 and the first progress report was published in June 2015. Monitoring involves progress in implementation and the impact of the operations on the long-term development of economic structures in Limburg. It uses indicators related to the objectives of the strategy and indicators that measure the conditions for economic growth (business environment). Currently, one evaluation has been carried out (see below).

The SALK action plan identifies specific projects, including those funded by ERDF and ESF as part of the ITI, and they are included in the SALK monitoring system. These projects have to adhere to the selection criteria of the ERDF programme in Flanders. There are no separate selection criteria for the ITI, and projects are selected under the assumption that they fit within the SALK regional strategy. The projects selected as part of the ITI are also monitored by the generic programme monitoring system. In addition, the findings of the evaluation of SALK are considered by the steering group set up to implement the ITI (see below).

The added value of the ITI and overall strategy is not just in its achievement at macro-economic levels. The introduction of the ITI and SALK has also created new informal structures that bring together new partners around the sectoral business cases identified in SALK. As such, the more territorial approach is breaking down sectoral silos.

Key challenges

In terms of design of the strategy, a number of challenges can be identified. First, the development of the SALK action plan did not include representation from ERDF or ESF, even though budgets were allocated for 2014-20. This has been problematic, as the strategy was developed in 2012-13 prior to approval of the Operational Programme and meant that effectively part of the programme funding was pre-allocated. Furthermore, the priorities of the programme were not known at the time of the development of the SALK strategy and action plan. Therefore, not all SALK actions fit well within the programme. A second challenge relates to the development of indicators. The ITI has the same indicators as the programme, but these are not very effective in terms of measuring the territorial component. The indicators measure the situation at the Flemish level and not in the region to which the integrated strategy applies. Third, the development of the ITI for Limburg led to a demand from other regions in Flanders to also develop an ITI. The rationale for the strategies for other regions is not as strong as the case of Limburg. Furthermore, this

snowballing process has to an extent fragmented the programme and has been a challenge in terms of its management and implementation.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The governance of the SALK strategy is carried out by pre-existing institutions at the regional and provincial levels. A task force has been established, bringing together representatives from regional, provincial and local governments as well as the main socio-economic partners. The task force is responsible for the implementation of the strategy. A recent evaluation of the governance model states that it operates effectively and should be maintained.

As mentioned above, the ITI is only a small part of the SALK strategy. The governance framework of the ITI Limburg consists of the regular programme bodies (i.e. managing authority, secretariat, provincial contact point and monitoring committee) but is to a certain extent integrated with the SALK governance model through an ITI steering group. The ITI steering group has the same membership as the SALK task force which oversees the implementation of the whole strategy. However, in the context of the ITI, its responsibilities are more limited. The managing authority is responsible for the implementation of the strategy. However, due to the identification of projects in the SALK action plan, including those that have been allocated ERDF and ESF funding, there is an expectation at the provincial level that these operations will be selected. The steering group has largely an advisory role in relation to the implementation of the ITI but is responsible for selection within the context of the wider SALK strategy. This dual level of responsibility initially led to a lack of clarity regarding the roles of the MA and the task force.

Project calls for the ITI are drafted and published by the MA and relate to the specific objectives of the three priority axes of the Operational Programme (innovation, entrepreneurship and low-carbon economy). The steering group is consulted in the drafting process and the monitoring committee is informed of the call. The calls for projects are launched on the ERDF programme website and submitted through the programme's online application system. Partners in Limburg can also respond to generic ERDF project calls (i.e. those that cover the whole of Flanders).

In principle, calls under the ITI are open to all stakeholders. However, all project applications, including those that are not included in the SALK action plan, must contribute to the objectives of the SALK strategy. In practice, it is difficult for projects that are not included in the SALK action plan to be selected. All project applications have to fulfil the generic project selection criteria set out at the programme level but call-specific selection criteria can also be included. Applications are first validated by the ITI steering group, which determines whether the project applications (i) contribute to the objectives of the ITI strategy, (ii) are sufficiently developed, and (iii) have sound financial allocations. Subsequently, the applications are assessed by the MA in terms of contribution to the OP, content, quality, financial aspects, and regulatory requirements. A technical working group consisting of representatives from several Flemish Government departments and in some cases external experts also provides advice on project applications, following which the managing authority takes a decision. The results of the assessment and opinion of the technical working group are fed back to the ITI steering group. Lastly, the monitoring committee is informed about the decision.

At the initial stages of implementation, the relation between the MA and the ITI steering group had to be clarified regarding the responsibilities for project selection. The ITI steering group thought it was responsible for selection and that those projects identified in the SALK action plan would automatically be funded by ERDF funding, not realising that these projects also had to fulfil the objectives of the programme in terms of content and needed to be suitable for ERDF funding on technical grounds (for example, compliance with state aid rules was often not taken into account). Now, it has been accepted that the final responsibility for project selection lies with the MA.

Special implementation arrangements

The ITI Limburg is funded by ERDF and ESF funding. Although there is some integration of operations at the strategy level, both funds use their own project selection criteria and governance structures, which makes integration at the project level very challenging and also hampers integration at the strategy level. It was noted that the ESF operates at the Flemish level rather than the provincial level, and as such its ability to contribute to more place-based approaches may be limited.

ITI Limburg will not make use of Community-Led Local Development. The approach was considered not viable as it would further fragment funding allocations and have a negative impact on the effectiveness and efficiency of management structures. Financial instruments are also not used as part of the ITI Limburg, as they are considered too complex in the context of ERDF implementation.

Implementation progress

The resources for the ITI were determined prior to programme approval. The announcement that EU funding would be available for Limburg in 2013 was presented as additional money. However, in practice it involved allocations from the ERDF programme in 2014-20. The total amount of ESI funding for the ITI is €70 million, which makes up just over 20 percent of the total funding in the SALK action plan. The table below provides an overview based on the latest SALK evaluation. In June 2015, calls for projects in relation to SALK were opened and the final submission date was in June 2016. Currently, projects have been approved and most of the ERDF funding has been allocated.

Evaluation

The Flemish Government has built in a SALK action plan evaluation at the mid-term stage of implementation (2015). The findings of the evaluation shall be taken into account by the ITI steering group. The MA will carry out its own programme evaluation in 2018 and an evaluation of the ITI strategies will form a part of this exercise.

2.3 GOOD PRACTICE AND LESSONS LEARNED

There are a number of good practices and lessons that can be learned from the Limburg case. First, in terms of design, political pressure together with the leadership of a respected representative responsible for the formulation of the strategy can have a significant positive effect on the speed with which a strategy can be formulated.

Second, it is important to include key stakeholders in the design process. The exclusion of the MA and other programme bodies has led to significant difficulties at later stages.

Third, the 'permission' for implementing ITI in one region can lead to demands from other regions in the country. In these cases, it is important that the rationale for using ITI is sufficiently justified.

Lastly, the ITI governance structure has put considerable pressure on programme bodies. Each ITI (there are two other ITI strategies in Flanders) has to formulate, implement and manage separate calls. Furthermore, the introduction of an ITI approach has led to more vocal demands from regional actors in relation to project selection. Although responsibilities for selection formally remain the prerogative of the MA, regional actors are demanding more influence.

Strategy fiche – Brussels, Belgium

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Operational Programme
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Pre-existing and unchanged
Size of town/city	1,000,000 – 5,000,000 inhabitants

The Brussels metropolitan area consisting of the Brussels-Capital region comprises 19 municipalities and has a population in the region of 1.2 million. It is one of three federated regions in Belgium, each of which has legislative and executive bodies with competences related to their territory in many areas. Brussels has one of the highest GDP per capita of any region in Europe, and it is home to many international organisations.

Targeted areas

The Brussels strategy targets two areas for investment projects. First, it focuses on several deprived neighbourhoods that perform lower in terms of key socio-economic indicators. These neighbourhoods are located around the centre of the city and the canal area. In these areas, the strategy aims to improve living conditions, reduce unemployment, prevent undeclared work, and support innovation and entrepreneurship. The second area is development zones in which certain sectors provide opportunities for growth. The principle of geographical concentration of ERDF has also been applied in previous strategic documents, but it was limited to deprived areas.

Challenges and objectives

The Brussels region faces a paradox in that it is an economically attractive region but also faces major challenges in terms of socio-economic deprivation of certain groups. In order to address this challenge together with demographic and environmental issues, an integrated approach based on the following conditions is required:

- sustainably develop employment opportunities for residence in the city rather than non-specific job-creation which risks creating jobs not related to the profiles of inhabitants (importing labour from outside);
- develop a territorial approach to infrastructural support by focusing on deprived areas as well as areas that demonstrate strategic growth potential;
- combine ERDF objective of social inclusion with renewable strategies;
- develop inclusive partnerships including those involved in the social economy and voluntary sectors.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF	1b		3a, 3d	4b, 4c, 4e		6e			9b		

Rationale and added value of the strategy

Compared to the 2007-13 period, the implementation of the programme has not changed as a consequence of the introduction of the sustainable urban development approach in 2014-20, as the principle was already partly included in the 2007-13 programme. The main added value of an integrated territorial approach is that the programme aims to develop new partnerships that bring together partners from different sectors.

Implementation mechanisms

The whole OP is considered the territorial strategy. The strategy is implemented using both non-repayable grants and financial instruments (depending on the findings of the ex ante assessment). There are no provisions for CLLD.

Funding arrangements

The strategy is implemented only through ERDF funding which is co-financed by domestic sources. Of the four priorities, three have planned to channel 10 percent of the funding through financial instruments, but this is expected to be lower.

Type fund	Name fund	Amount
ESIF	ERDF	€ 90,885,081
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	€ 90,885,081
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Used	€ 7,725,233
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

In Brussels, obligations for sustainable urban development (Article 7 ERDF) are implemented through an Operational Programme in which all priority axes contribute to the strategy. The Operational Programme is simultaneously considered the integrated sustainable urban development strategy for the city. As such, the design process of the strategy is dictated by the framework for developing the Operational Programme.

The design process was led by the managing authority on behalf of the government minister responsible for urban renewal (and Cohesion policy). The task of writing the Operational Programme was outsourced to external consultants (Perspective Consulting) but with the administration and minister-cabinet involvement. The objectives of the strategy were decided by means of a number of political priorities and a wide-ranging consultation process of key stakeholders (see below).

Spatially, the strategy targets deprived areas defined on the urban development zones (*Stedelijke renovatiezone, ZSV*), which use statistics regarding income (lower than the average income in the Brussels region), unemployment (higher than the average in the Brussels region), population density (higher than the average in the Brussels region), and (except for social axis) development zones. The selection of these areas follows the method that applies to other (economic and regeneration) regional policies.

A second group of targeted areas are so-called priority growth sectors (*groeifilières*) that provide an opportunity for economic growth. The identified sectors are: media, creative sectors and tourism; raw materials and waste; sustainable food hospitality; sustainable construction and renewable energy; and health and service provision for individuals. It applies the principle that, through an integrated joint strategy, complementary economic activities can be strategically grouped. This approach aims to emphasise the integrated nature of the strategy and provide a structure in which partners of different sectors are encouraged to collaborate with each other.

All investment projects should be located in the ZSV zones or priority growth sectors. Projects in Priority Axis 4 (Improving the living conditions and environment of vulnerable groups) have to be implemented in ZSV.

There were a number of key factors that influenced the design process. First, the design was informed by a top-down and bottom-up process, with certain political priorities forming the basis for the strategy whilst conducting bottom-up consultations. Second, during the design process a balance had to be struck between thematic concentration and creating a broad basis of support for the integrated sustainable urban development strategy. Third, historical precedent also played an important role in that many of the priorities in the programme are shaped by the priorities in the 2007-13 period.

Consultation process

Consultation events were organised as part of the OP drafting process and followed the partnership principle. This involved a large-scale stakeholder event (200 participants) in March 2013 that allowed a broad range of stakeholders to participate in the development of the strategy. Stakeholders included ministry directorates, public authorities, chambers of commerce, representatives of the innovation sector, municipalities, NGOs and knowledge institutes. The inclusion of stakeholders was partly based on the stakeholders from previous periods and on stakeholders who had expressed their interest. A number of information sessions were organised, followed by a more targeted 'diagnostic' phase that included interviews with key stakeholders and participatory workshops which provided an opportunity for public bodies to input to the process in a more targeted manner. Subsequently, further discussion meetings were held during the writing-up phase. A draft version of the Operational Programme was presented to the strategy task force – which consisted of representatives from ministries, the ERDF Unit (managing authority's administration), the employment/ESF MA organisation, the agency for territorial development, municipalities, and innovation authorities – and subsequently approved by the regional government.

Links to domestic pre-existing strategies

The strategy largely represents a continuation of the 2007-13 programme period albeit with some important changes. Particularly, the territorial focus of the strategy has become less concentrated. Whereas the 2007-13 programme concentrated only on the deprived areas, the 2014-20 programme includes priority growth sectors that are considered important for economic growth. These include zones with universities and research institutes, large hospitals and media-related organisations. The growth in these areas (development zones) is considered to be strategic (concentration of activity) and to provide employment opportunities:

- for people with low-level qualifications: there are no explicit conditions that projects in priority growth sectors will effectively contribute to employment opportunities in

deprived areas, but development in such sectors can be supported by workers with the (low) qualifications reported in these deprived areas;

- in sectors which benefit from anterior and continuous support from regional authorities because of their strategic character: eco-build sector, health, tourism.

The 2014-20 strategy also continues to support projects in deprived areas, strengthening the childcare sector (which is a key element to support the employability of young parents in a region with high youth unemployment) and the cultural opportunities in these neighbourhoods.

The strategy set out in the Operational Programme has some links to pre-existing strategies. In particular, the identification of challenges in specific areas and the selection of those areas as target zones for the strategy were informed by spatial plans such as the Regional Plan for Sustainable Development (*Gemeenschappelijk Plan voor Duurzame Ontwikkeling*, GPDO). This strategy identifies deprived areas based on statistical data such as income, unemployment and population density.

Measuring the effectiveness and added value of the strategy

In Brussels, the Operational Programme is regarded as the integrated territorial strategy that is implemented under Article 7. Hence, there is only one set of indicators at the programme level. The indicators were officially determined after the call for projects had taken place. Due to the late approval of the multi-financial framework and regulations, the OP design process was already at an advanced stage of development. Furthermore, the programme had opened a call for projects at an early stage in July 2014, which pre-dated the approval of the programme and the finalisation of the indicator system (which was changed in the final version of the OP). Accordingly, it might be difficult for some projects to contribute to the indicators. The main reason for fully committing the programme's financial allocation at an early stage comprised concerns in relation to N+3.

A key element of added value is the development of multi-partner projects. These projects consist of partnerships of stakeholders from different sectors that previously would not have been part of the same projects. It has also led to the inclusion of different types of partners in projects, such as NGOs and local authorities, which can team up with other, more experienced, partners.

Priority Axis 4 focuses explicitly on socio-economic and environmental challenges that can be integrated and specifically targets certain neighbourhoods. Furthermore, all infrastructural projects are territorially targeted and have to demonstrate how they contribute to the living environment and social function in the areas.

Key challenges

The integration of partners in the current programme is now more complex. One way to ensure a more integrated approach is to make it compulsory that project partners come from different sectors. This makes the management of projects more challenging, particularly as some of the smaller partners lack the capacity and experience to implement projects. However, it is expected that the integration of new partners will lead to a more integrated project implementation approach.

Another challenge in terms of the development of the programme was that the indicators had not been finalised by the time the first call for projects was completed. This may raise some challenges in terms of the extent to which selected projects can contribute to the programme indicators: the support of the MA to ensure good results will present a challenge in the OP implementation.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

As the managing authority for the Brussels ERDF programme covers the urban agglomeration of Brussels and the whole programme contributes to Article 7 requirements, there is no need to delegate any responsibilities. All the responsibilities for programme implementation are already held at the MA level, and there are no intermediate bodies at a more local level. However, local actors are involved in the monitoring of the programme through the association of municipalities in Brussels (Brulocalis), which represents them as an observer.

The selection of projects consisted of three stages. First, the applications were technically assessed by the ERDF secretariat supported by an external consultant. Second, an evaluation committee consisting of 17 experts (eight government representatives, eight external experts and one consultant) assessed the project applications. Ten basic principles were used in the assessment which rated projects as strong, good, average or weak. The overall selection of projects is strongly based on partnerships of regional and local actors, and private and public. Finally, the Government of the Brussels-Capital Region was responsible for the final approval of projects.

Special implementation arrangements

The implementation of the sustainable urban development strategy in Brussels does not include a multi-fund approach. A multi-fund approach was considered unachievable, as the ESF has its own logic and structures. Furthermore, the ESF funds support actions that are highly relevant (considering the socio-economic reality, the needs in terms of training, the issue of youth unemployment) but that do not fit with the ERDF OP approach. The ERDF focuses more on the medium-term economic development opportunities that can be established by supporting innovative projects.

However, as the challenges and objectives (reducing unemployment; valorisation; developing social economy, strengthening entrepreneurship; preventing social segregation; and transition to the knowledge economy) of the ERDF overlap with those of the ESF. As such, a number of complementary strategic objectives have been identified to which both ERDF and ESF can make a contribution. In practice, the joint approach to these strategic objectives will be implemented through a committee that includes representatives and officials of the ESF and ERDF. This committee can:

- provide advice regarding project applications;
- reflect on the selected projects in each programme to identify complementarities;
- support and strengthen joint initiatives;
- monitor and analyse the performance of programmes through joint indicators;
- provide information regarding instruments that are available in their strategic sector; and
- develop evaluations that can analyse shared themes.

Further complementarities are sought with Horizon 2020, LIFE, COSME, and INTERREG (North-West Europe and INTERREG EUROPE programme). At the regional level, synergies are sought with policy frameworks such as New Deal, GPDO, Work and Living Environment Alliance (*de Alliantie Werk-leefmilieu*) and the Regional Innovation Plan (*Gewestelijk Innovatieplan*).

Brussels will not support CLLD during the implementation of the programme. The introduction of CLLD was thought to add an additional layer of complexity to an already complex programme. Nevertheless, the Operational Programme explicitly supports the development of a participatory framework in the context of Priority Axis 4 in order to develop a more inclusive approach to project development.

Brussels intends initially to use financial instruments in three of its priority axes (Research and innovation; Entrepreneurship and development of SMEs; Low-carbon economy and

sustainable use of natural resources). The OP had reserved 10 percent of funding for each of the axes, which amounts to around €7.71 million. The introduction of FIs is dependent on the results of ex-ante evaluations which are currently in draft and yet to be formally approved. Subsequently, there will be a tendering process for a fund manager. The expectation is that in practice the total amount of funding available for financial instruments will be lower (6-7 percent), in relation with a reorganisation of the global OP budget: the region has actually decided to use the residual amount (which was only constituted by the amount for FIs) to support a strategic project concerned with the issue of migrants and refugees (in response to the EC demand).

There were a number of challenges in establishing FIs in the context of urban strategies. First, the MA had to organise its ex-ante analysis for this FI on the basis of a very late and very complex regulation, while it also had to organise the selection of grants. Second, there has been some staff turnover which can create challenges, particularly as the development of FIs in the urban and Cohesion policy context require quite specific expertise. However, the programme has now employed a new expert.

In addition, the MA points out that the new requirement to select an FI operator makes the implementation of FIs more difficult. The new approach requires implementing these instruments by oneself, through in-house action, by an external institution or through public procurement. This means that the MA has to determine a complex relationship to implement the instruments and limits the possibility of a bottom-up approach, such as the one that had been used (with success) during the previous two programme periods.

The development of FIs is now following a top-down approach with conditions being set before the instrument has been established, while the process could be sped up if first proposals for funds were accepted (e.g. through a conventional call for proposals, which would select the basic relevant concept of FIs), the operator selected, and a more complex study (on the basis of ex-ante criteria) realised to determine the final FIs 'products'.

Implementation progress

A call for projects was opened on 12 May 2014 and closed on 25 July 2014. This is expected to be the only call for projects in the programme. A second call will only be organised if funding absorption by projects in the first call is lagging. At the moment, there are no plans for a second call. In total, 196 project applications were submitted with a total worth of €718 million. In the first call, a total 46 projects were announced for approval in May 2015. The selection of financial instruments has yet to be completed (see above). Currently, the rate of expenditure for the programme is high, but there are some specific challenges in the context of urban renewal projects that are causing delays, particularly the realisation of building permits as well as issues involving ownership of buildings. Secondly, state aid issues (and other complementary conditions of realisation) are causing delays; of the 46 projects selected, 26 have been signed so far.

Considering the issue of migrants and refugees, the MA has worked to modify its OP and is now selecting a relevant operation.

Evaluation

The programme has planned four thematic evaluations, two of which cover one, or part of one, priority axis (R&I and energy transition). The other two evaluations will cover more than one priority axis; one evaluation will focus on competitiveness and employment in priority sectors (all thematic objectives of Priority Axes 1 and 2 and half of Priority Axis 3) and one evaluation which focuses on the living environment and social inclusion in urban regeneration areas (half of Priority Axis 3 and the entire Priority Axis 4).

2.3 GOOD PRACTICE AND LESSONS LEARNED

A unique feature of the Brussels case study is that the whole Operational Programme is considered the territorial strategy. There are no delegated responsibilities to a lower level. This means that effectively very little has changed in terms of the implementation approach when compared to 2007-13 period.

The Brussels case demonstrates the important linkages between integrated territorial approaches and partnership-building. The 2014-20 programme actively promotes a cross-sectoral integrated approach which requires projects to include partners from different sectors.

Besides focusing on the most deprived areas in the Brussels region, the programme includes areas for potential economic development in its scope. The logic is that investment in these areas can unlock economic opportunities and stimulate employment which will be of benefit to the city as whole. This approach does raise questions as to what extent it contributes to the programme's overall aim of reducing the paradox of strong economic growth in Brussels alongside increasing social exclusion of certain groups. At the moment, there is no requirement for projects in growth areas to demonstrate how they directly support the improvement of economic and social circumstances in more deprived neighbourhoods.

Strategy fiche – Plovdiv, Bulgaria

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	250,000 - 500,000 inhabitants

Plovdiv, Bulgaria's second-largest city with a population of 341,625, is the largest economic hub in the South Central Region. It is one of six major Bulgarian cities belonging to the second hierarchical level of core cities and their agglomerations constituting the national territory. The economy of the city is multi-sectoral. Plovdiv holds a prominent position in Bulgaria in terms of investments in IT outsourcing, the automotive industry, mechanical engineering, and food processing. In December 2016, the unemployment rate was 3 percent.

Targeted areas

In accordance with the Guidelines for Development and Implementation of Integrated Plans for Urban Regeneration and Development (IPURD) prepared by the MA of the OPRD 2007-13, three intervention zones have been identified as target areas in the city: (i) a zone with predominantly social character, (ii) a zone with public functions and importance, and (iii) a zone with potential for economic development. The identified zones have interrelated effects on the global urban structure. Proximity amplifies this impact, supported by key transport and communication elements located within their territory.

Challenges and objectives

The IPURD and the Investment Programme (IP) for its implementation, financed under Priority 1 'Sustainable and integrated urban development' of the OP 'Regions in Growth 2014-20' (OPRG), are aimed at a range of objectives (especially the IPURD). The specific objectives include: improvement of the living conditions and energy efficiency of multi-family residential buildings; renovation of the urban environment, including improvement of the access to service and cultural sites (in the public-function zone); support for a modern industrial zone for economic development; and renovation and further development of the social infrastructure.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4c, 4e		6e			9a	10a	

Rationale and added value of the strategy

The implementation of the SUD strategy reinforces the moderate polycentric development model specified in the National Concept for Spatial Development 2013-2025 to promote major centres – 10 cities as centres of growth, and a network of 29 balancing medium-sized cities, having an essential role in the provision of services to the population, the attraction of investment, and the creation of job opportunities in or near cities.

Implementation mechanisms

The IP is implemented through grants awarded under the ERDF-funded OP 'Regions in Growth'. No financial instruments are envisaged for the implementation of the Plovdiv IP.

Funding arrangements

The total funding for the SUD IP is €41 million. The strategy receives financing from Priority 1 of the ERDF OP 'Regions in Growth', including €35 million from the ERDF (85 percent) and €6 million of co-financing from the national authority (15 percent). There is still no information on whether the municipality will use financial instruments, and if so, to what amount, to finance its urban strategy based on the projects specified in the IPURD.

Type fund	Name fund	Amount
ESIF	ERDF	€ 34,848,567
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Central government co-financing	€ 6,149,747
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	<i>Unclear</i>	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The IPURD was developed with the intention of supporting the implementation of Article 7 ERDF as a broader strategic document under the OPRD 2007-13 procedure 'Support for Integrated Plans for Urban Regeneration and Development', which provided guidance on the format and development process. The plan was prepared by a consultancy team, which identified stakeholders and led their involvement in the process. Thus, a broad representation of socio-economic partners and stakeholders from NGOs, business, scientific and other organisations was achieved. Meeting all requirements set by the MA, the plan was adopted by the municipal council on 18 July 2013 and approved by the MA of the OPRD on 13 December 2013.

To ensure the practical implementation of the SUD strategy approach, each of the 39 eligible cities in Bulgaria has produced an Investment Programme (IP) as a bridge between the OPRD and the IPURD. The framework of the IP was the designated grant for the city and criteria for the development of the IP, including achieving a minimum / maximum financial allocation for the investment priorities approved in the OPRD. A working group (WG) for the preparation of the IP was set up by order of the mayor, and it produced a priority list of interventions (including back-up options) based on the projects included in the IPURD. Experts from Plovdiv Municipality and stakeholders were represented in the

WG. The public involvement in the WG was ensured through representation of the following organisations: the Business Council, Plovdiv; Plovdiv Cultural Institute; the Foundation 'Plovdiv 2019'; the Foundation for Regional Development ROMA; the Regional Administration, Plovdiv; the Union of Architects in Bulgaria, Plovdiv; the Chamber of Architects Regional Association, Plovdiv; kindergartens and schools included in the IPURD; and social sites included in the IPURD. The IP evaluation was carried out by the MA of the OPRD, and a decision by the head of the MA was issued approving the IP (4 January 2016). The programme was also adopted by the municipal council.

Consultation process

The IPURD involved a constructive consultation process in the course of its design. First, input collected from the municipal experts had an important role in providing opinions on the plan. Second, the consultancy team conducted interviews with the stakeholders. In addition, two public hearings were held, the first of which aimed to identify the intervention zones, objectives and strategy of the IPURD, and the second to present the draft IPURD. The IP development also involved stakeholder representation in the working group.

Links to domestic pre-existing strategies

Prior to 2014, no actual experience existed in terms of implementing integrated urban strategies, so the IPURD is an entirely new document. An important condition for its development was that it had to be aligned with the planning and strategic framework of the municipality and higher levels of planning, as well as with EC objectives. The objectives and the planned interventions in the IPURD became instrumental in the preparation of the Municipal Development Plan 2014-2020.

Measuring the effectiveness and added value of the strategy

The integrated plan contains 26 indicators, as determined by the consulting team, whereas the IP contains only 6, which are thematically covered by the IPURD indicators. IP indicators are far more limited in number and correspond to the programme-specific result indicators at the level of specific objectives and the projects included in the IP. Out of the six indicators specified in the IP, five are common indicators (CO 32, CO 38, CO 35, CO 40 and CO 39).

The contribution of urban strategies to the objectives of Europe 2020 is ensured through the implementation of measures for energy efficiency in administrative and residential buildings and as part of other integrated projects. Developing social services will strengthen social cohesion in the community, whereas the availability of modern industrial zones will increase opportunities for entrepreneurship and the growth of Plovdiv's economy. Economic improvements create synergy, increasing the social indicators related to employment and the income of the population.

IP indicators can only measure the hard results (i.e. contribution to a specific OPRG objective), but not the softer ones. It is also possible that related effects may appear, but they cannot be captured by the indicators. It follows that although common indicators can be useful for measuring the strategy's effectiveness (as part of Cohesion policy regulations), they will not be sufficient for an overall evaluation of the strategy, as it can be assumed that the added value will go beyond the specific indicators and contribute to increasing the attractiveness of the city in terms of both residence and investment.

Currently, it is unclear whether the evaluation of the IP implementation, to be completed in late 2018, and the ex-post evaluation will be based only on the indicators specified in the IP, or whether they will also include a wider range of indicators measuring the added value of the implementation. The interview with the MA did not confirm the exact approach of the evaluation.

Key challenges

The initial premise for the design of the IPURD was that it should include projects integrating a number of investment elements, but also to propose complementary activities

and relevant projects under other programmes and funds not only from the OPRG 2014-20. In such a way, the planned synergies and multiplier effects would be ensured. The Investment Programme specifies the implementation in terms of funding selected IPURD projects under the OPRG. The concentration of the support for sustainable urban development from different OPs is expected to be achieved by targeting the intervention zones specified in the IPURD. A remaining challenge is how and whether integration of investment and projects in the designated zones will be achieved and whether this will happen in all 39 cities, including Plovdiv.

It is difficult to assess the contribution of urban strategies to territorial cohesion, given the sectoral nature of the thematic objectives. The same is true of the contribution to the objectives of Europe 2020.

An emerging problem with regard to indicators is that the integrated nature of urban strategies and the lack of statistical and other reporting data at city level strongly restrict the number and nature of indicators that can actually be used.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The tasks of the managing authority include approval of the strategy, verification of the selection procedures, definition of selection criteria, preparation of project calls, launch of calls, provision of information to beneficiaries, final verification, conclusion of the grant contract, financial management (check and financial control), monitoring and reporting, and evaluation.

The practical implementation of the IP will be achieved by strict differentiation of the functions of the municipality as beneficiary (preparation of project proposals and their subsequent management and implementation after conclusion of the grant award contract) and as intermediate body (evaluation of submitted project proposals). According to the OPRG 2014-20, the municipal authorities are determined as intermediate bodies in accordance with Article 123, para. 6 of the Common Regulation 1303/2013.

Each priority project for which documentation has been prepared will be subject to a tender procedure for selection of a contractor for its implementation. The evaluation of project proposals and the selection of contractors are the responsibility of the intermediate body. The IB will operate in accordance with the adopted evaluation criteria, set out in the guidelines for applying under the procedure BG16RFOP001-1.001-039 'Implementation of Integrated Plans for Urban Regeneration and Development', which is implemented under Priority 1 'Sustainable and Integrated Urban Development' of the Operational Programme 'Regions for Growth 2014-20', Sofia, June 2016, and the Internal Rules of Procedure of the evaluation committees, approved by the MA and will conclude with the preparation of a report for the Deputy Mayor of Finance, Budget and Economy, whose portfolio includes the intermediate body. The deputy mayor's functions involve approving the report of the evaluation committee, issuing an order of approval of the project proposal, and exercising control on the operations of the IB. The composition of the evaluation committees will be determined in accordance with the specifics and the number of project proposals, and will necessarily include: a head and a secretary, without voting rights; and the required number of members, with voting rights (evaluators), which cannot be fewer than three.

Monitoring of the IP implementation is carried out by the IP team by drawing up consolidated quarterly and annual reports on the implementation of individual IP projects and performance of indicators. The team leader will then submit the annual report to the Mayor of Plovdiv Municipality for approval.

Substantial public support for the operations of the working group has been ensured through representation of the following organisations: the Business Expert Council, Plovdiv; Plovdiv Cultural Institute; the Foundation 'Plovdiv 2019'; the Foundation for Regional Development ROMA; the Regional Administration, Plovdiv; the Union of Architects in

Bulgaria, Plovdiv; the Chamber of Architects Regional Association, Plovdiv; kindergartens and schools included in the IPURD; and social sites included in the IPURD.
Special implementation arrangements

In accordance with Bulgaria's Partnership Agreement, the integrated approach for urban development will be implemented through an Integrated Priority within the OP 'Regions in Growth'. Therefore, CLLD will not be used.

The support for some interventions providing repayable investments to the final recipient will also include financial instruments. Certain cases will require a combination of a grant and financial instruments created under the OPRG 2014-20, depending on project specifics and area of intervention. The aim will be to ensure the project implementation in its entirety. The amount of the grant and repayable investments for each project will be determined based on an analysis of the project's business plan by the organisation implementing the financial instrument (the Fund). Combined financing through a grant and financial instruments created under the OPRG 2014-20 will be mandatory for interventions in cultural infrastructure and student housing, and such projects must be included in the IP.

Special implementation arrangements

Not applicable.

Implementation progress

As of 1 December 2016, IP implementation had not begun. In January 2016, an agreement for the implementation of the IP was signed. This was followed by the adoption of a budget line with the purpose of financing different structures needed for the launch of the IP, such as an IP management team, an intermediate body, financing external evaluators, etc. At the same time, three project proposals were prepared and submitted in accordance with the IP: 'Educational Infrastructure' – construction and renovation of schools, kindergartens and nurseries in the city of Plovdiv, submitted on 14 July 2016; 'Improvement of the Urban Environment in Plovdiv Municipality', submitted on 18 July 2016; and 'Improvement of the Social Infrastructure in Plovdiv Municipality', submitted on 20 July 2016. The grant contracts were expected to be signed in late December 2016, i.e. implementation of the IP was expected to start in late December 2016 or in January 2017.

Evaluation

Considering the importance and impact of Priority 1 of the OPRG 2014-20, special evaluations of urban development have been provided. Based on the results of the evaluations in 2018 and 2022, the MA could reallocate financial resources from less active to more active cities. Under Article 16 of the agreements concluded with the 39 municipalities for delegation of duties for evaluation and selection of projects for financing under P1, each municipality undertakes to achieve the 2018 milestone of having 20 percent of the amount specified in the approved IP verified by the MA of the OPRG by 30 June 2018.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The introduction of the SUD approach has given rise to new ways of engaging the public in city-development policies and project selection. The current approach has proved to be successful, with stakeholders being involved at all stages of the design process. Aiming to achieve the milestone of 20 percent verified project costs by June 2018 has had a mobilising effect on the municipality in terms of implementation of the IP projects, which is an essential condition for the full utilisation of the resources specified in the programme, as well as for trying to identify new funding opportunities.

Although integration between ESF- and ERDF-funded operational programmes in the implementation of the SUD approach is considered limited, the tool provides a framework for achieving increased synergies.

Urban strategies are reflectors of local needs. The specified thematic objectives and investment priority targets limit the selection of projects deemed particularly important by cities and included in their IPURDs. This can entail problems with the achievement of targets, which is clear even at the present stage. The greatest problem appears to be achieving energy efficiency objectives in residential buildings (one reason is the set-up of the National Energy Efficiency Programme, under which municipalities are also beneficiaries). The other investment priority attracting little interest on behalf of cities is social infrastructure. At the same time, it is clear that local needs for educational infrastructure projects and the expected interest in such projects will significantly exceed targets. An interview with representatives of the MA of the OPRG made it clear that it is known even now that the 2018 milestones will not be met at national level, which will necessitate an update of the programme. In this regard, the recommendation of the MA of the OPRG would be for EC structures to favour a more flexible approach when amending the OPRG, in order to take greater account of local needs.

The key challenge appears to be the lack of experience in the set-up and functioning of an intermediate body in the municipality, but the initial findings of the IP implementation in Plovdiv show a build-up of useful experience. A major facilitator in the process is the detailed documentation of all procedural steps, prepared by the MA.

The most influential factors, as specified by the municipal IP team, are the administrative organisation and the experience of some staff in the submission and/or management of projects under the operational programmes, acquired over the years, and the sound IPURD prepared by the municipality, which is key to the development of a quality IP and the future integrated and sustainable development of the city.

Each strategy reflects unique local needs, whose measurement through thematic objectives does not provide for consideration of the specific nature of integrated urban development. An appropriate recommendation in this regard would be to avoid using sectoral objectives, of which thematic objectives are an example, in favour of objectives that take into account the specific nature of urban development and the opportunity for each city to support its actual development priorities.

Guidance on the implementation of integrated urban development should be made available at the beginning of the period for development of the operational programmes, which would facilitate their preparation and significantly reduce the efforts involved and the multiple directions their design might take in the absence of clear initial guidelines.

Strategy fiche – Pazardzhik, Bulgaria

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	50,000 - 100,000 inhabitants

Pazardzhik is the fifteenth-largest city in Bulgaria, with a population of 69,380, and it is the administrative centre of Pazardzhik NUTS 3 region. The city is located in Southern Bulgaria. Its proximity and connectivity to the two most-developed hubs in the country – Sofia and Plovdiv – as well as the transnational transport infrastructure give the city certain advantages in terms of general development conditions. The city belongs to the third hierarchical level of core cities. Industry is the dominant sector in the city’s economy. The achieved economic results, although exhibiting a growth tendency in recent years, are still low, therefore the support for the city’s development under the SUD strategy will aim to create conditions for stimulating economic growth. In November 2016, the unemployment rate was 4 percent, compared to 7.1 percent on average for the country.

Targeted areas

In accordance with the Guidelines for Development and Implementation of Integrated Plans for Urban Regeneration and Development (IPURD), concentration of the support will be achieved through focusing on preliminary defined intervention zones. These are:

- A zone with a social character: the total area of the zone is 305 hectares, covering a population of 20,000 people.
- A zone with public functions and importance: the zone covers an area of 122 hectares and has a population of 6,000 people.
- A zone with potential for economic development: it covers the main industrial zone in the city.

Challenges and objectives

The main challenges that the SUD strategy will seek to tackle include: the improvement of the energy efficiency of public and multi-family buildings; renovation of the urban living environment in residential areas; and construction of new social infrastructure and modernisation of educational infrastructure.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4c, 4e		6e			9a	10a	

Rationale and added value of the strategy

The implementation of the SUD strategies supports the moderate polycentric development model of urban development in the country defined in the National Concept for Spatial Development 2013-2025. In total, 39 cities of the first, second and third hierarchical levels form the backbone of a network of urban centres in the national territory, having an essential role in the provision of high-level public services, educational and innovation policies, attraction of investment, and creation of job opportunities. All of them have been included as planning policy focal points through the IPURDs, on the basis of which resources and efforts for integrated urban development in the 2014-20 period will be coordinated and focused. Pazardzhik, as a city of the third hierarchical level, will mobilise efforts for improving the urban environment as a growth factor encompassing demographic development, investment, and associated job creation.

Implementation mechanisms

The IPURD of Pazardzhik city and the Investment Programme (IP) for its realisation, funded under Priority 1 'Sustainable and Integrated Urban Development' of the OP 'Regions in Growth' 2014-20 (OPRG), are based on the city's actual development needs.

Pazardzhik's SUD strategy is implemented through non-repayable grants awarded under the IP and financial instruments (FIs) under a specially created Fund for Urban Development (FUD South Region funded by OPRG 2014-20). The total funding for the IP is €13.3 million. The IP receives financing from the Priority 1 of the OPRG, including €11.3 million of ERDF (85 percent) as well as €2 million of co-financing from the national authority (15 percent). There is still no information on whether the municipality will use financial instruments, and if so, to what amount, to finance its urban strategy based on the projects specified in the IPURD.

The time and financial frameworks and the duration and sequence of the implementation of the projects included in the IP are consistent with the projected financial capacity of the municipality for their implementation. The funding for the implementation of the projects will be secured through the municipal budget and a revolving bank loan of €3,579,040, intended for bridge-financing of approved projects under the OP. The municipality will rely on the receipt of advance and interim project payments from the OPRG, and will make use of funding provided for FIs under the Fund of Funds.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 11.3 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	National authority co-financing	€ 2 million
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Being considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The IPURD was developed with the intention of supporting the implementation of Article 7 ERDF as a broader strategic document under the OP Regional Development (OPRD) 2007-13 procedure on 'Support for Integrated Plans for Urban Regeneration and Development'. The development and the subsequent adoption of Pazardzhik's IPURD by Pazardzhik Municipal Council and the MA of the OPRD 2007-13 (Ministry of Regional Development and Public Works) took place in the period from 15 August 2012 to 22 December 2013. The Plan was designed in accordance with the Methodological Guidelines for Development and Implementation of IPURD by a consultancy team, selected on the basis of a public procurement procedure. The design process included: a targeted analysis of urban development; identification of stakeholders; conduct of a survey in the local community (businesses, NGOs, administration); development of a strategy, objectives and priorities for the IPURD; determination of intervention zones in accordance with the established criteria, analyses and consultations; identification of integrated projects within the zones; preparation of an action programme for each zone, as well as indicators for monitoring and evaluation of the IPURD; and discussions, public consultations and focus groups.

Based on the IPURD, an Investment Programme was developed for funding under Priority 1 of the OPRG 2014-20. The IP grant is in accordance with the guidelines for applying under the procedure BG16RFOP001-1.001-039 'Implementation of Integrated Plans for Urban Regeneration and Development', which is implemented under Priority 1 'Sustainable and Integrated Urban Development' of the Operational Programme 'Regions for Growth 2014-20'. By order of the Mayor of Pazardzhik Municipality, a working group was set up to prepare and monitor the implementation of the IP; in addition to the representatives of the municipal administration, it comprised 29 stakeholder representatives. From the projects appearing in the IPURD, the working group drew up a priority list of intervention projects (including a backup list) to be supported under the OPRG 2014-20. The main criteria for the identification of IP projects are determined by the MA, and the additional criteria by the members of the working group. The IP projects are interrelated (in territorial and functional terms), and they build on large investments in the city made in recent years and currently under implementation.

Consultation process

The IPURD was developed (August 2012 to December 2013) in a spirit of transparency and partnership and with broad public involvement, including engagement of the local community by means of a survey with 400 participants, a public discussion of the draft strategy up to 2020 and the intervention zones, three focus groups for identification and prioritisation of projects, and a round table for presentation of the IPURD. The stakeholders included representatives of the public administration, educational institutions, social organisations, professional business associations, organisations in the area of design, urban planning, architecture and local companies, utility companies etc. The working group that developed the Investment Programme (adopted by the MA of the OPRG on 25 May 2016) comprised 29 members representing the local authorities, the regional divisions of the central administration, professional associations, local businesses, and NGOs.

Links to domestic pre-existing strategies

Prior to 2014, no actual experience existed in terms of implementing integrated urban strategies, so the IPURD is a new document. An important condition for its development was that it had to be aligned with the planning and strategic framework of the municipality and higher levels of planning, as well as with EC objectives. The objectives and the planned interventions in the IPURD became instrumental in the preparation of the Municipal Development Plan 2014-2020, which took place in 2013.

Measuring the effectiveness and added value of the strategy

With a view to measuring the effects to be achieved, the IPURD and the IP contain monitoring and evaluation indicators capturing the results of its implementation. While the IPURD indicators have a wide scope, the IP indicators correspond to the programme-specific result indicators by specific objective of the OPRG. Of the five indicators included in the IP, four are common indicators (CO 32, CO 38, CO 35, CO 40, and CO 39). Although useful for measuring the strategy's effectiveness (as part of the Cohesion policy regulations), common indicators are insufficient for an overall evaluation of the strategy, as it is assumed that its added value will exceed the specific indicators by contributing to increasing the attractiveness of the city as a place for living and investment.

Key challenges

A number of challenges were encountered during the design of the IPURD and the IP, but, overall, they were overcome successfully. With regard to the preparation of the IPURD, the challenges were associated with the methodological guidelines on its design, which in the 2012-13 period were subject to some modification arising from changes in the course of negotiations with the Commission concerning the composition of Priority 1 of the OPRG 2014-2020, as well as the financing of IPURD projects through the other operational programmes and ensuring the expected synergistic effect of integrated territorial investments. The Investment Programme specifies the funding of selected IPURD projects under the OPRG. The concentration of the support for sustainable urban development from different OPs is expected to be achieved by targeting the intervention zones specified in the IPURD. For example, the ESF-funded OP 'Human Resources Development' stipulates supporting the implementation of integrated actions for sustainable urban development by financing activities for ensuring better access to the labour market and quality social and health services in zones with social character, whereas the ERDF-funded OP 'Innovations and Competitiveness' and OP 'Science and Education for Smart Growth' will focus on zones with potential for economic development, etc. A remaining challenge is how and whether the integration of investment and projects in the designated zones will be achieved.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The tasks carried out by the managing authority are the approval of the strategy, verification of the selection procedures, definition of the selection criteria, preparation of project calls, the launch of calls, provision of information to beneficiaries, final verification, signature of the grant contract, financial management (check and financial control), monitoring and reporting, and evaluation.

In the 2014-20 programme period, the municipality has gained new functions connected with the implementation of the IPURD and the IP. According to the OPRG, Pazardzhik Municipality acts as a beneficiary and as an intermediate body (IB) for the successful utilisation of funding opportunities under Priority 1 of the OPRG. The IB of Pazardzhik Municipality has functional competences, namely to organise and carry out all activities connected with the evaluation of the project proposals for the implementation of the IP, in accordance with the criteria for selection of operations. By Order No. 1869/19.08.2015 of the mayor, the composition of the IB of Pazardzhik Municipality was determined, including a head of the IB and three experts from the municipal administration.

Members of the IB act as chairman and secretary in the committee for the evaluation of project proposals, as directed in the internal detailed rules of procedure under the 'Implementation of Integrated Plans for Urban Regeneration and Development 2014-2020'. A mandatory requirement for the submission of a project proposal is a decision by the municipal council.

Care was also taken to fulfil the requirement for differentiation of the functions and responsibilities of the IB from those of the unit responsible for the preparation and

development of projects under which the municipality is a specific beneficiary, so as to minimise the risk of potential conflicts of interest.

The municipality has appointed an IP management team, comprising an IP head, a monitoring and control expert, and an administrative secretary. The IP management team will be responsible for the implementation, updating, monitoring and control of the IP, as well as for the provision of comprehensive and current information on the progress achieved and the initiation of changes to the IP, if and as required.

The monitoring of the IP is carried out by the municipal working group for preparation and monitoring of the implementation of the IP. The WG composition is as follows: 9 municipal representatives, 4 NGO representatives, 12 representatives of educational institutions, 5 representatives of cultural institutions, 3 representatives of professional associations and business organisations, and 5 representatives of territorial divisions of the central administration. The WG is governed by approved internal rules, and its responsibilities are to monitor the progress in the implementation of the annual programme for realisation of the IPURD, discuss and propose motivated changes to the IPURD based on changes in circumstances and/or emerging problems, and review and approve annual reports.

Special implementation arrangements

In accordance with Bulgaria's Partnership Agreement, the integrated approach for urban development will be implemented through an integrated priority under the OP 'Regions in Growth'. Therefore, CLLD will not be used.

The allocations for financial instruments under PA1 of the OPRG 2014-20 amount to €139.7 million, which will support projects for investments in the 39 cities in accordance with the IPURD, including investments in energy efficiency in the residential sector, integrated urban transport, sports and cultural infrastructure, the urban environment and areas of economic activity.

On 11 November 2016, the Ministry of Regional Development and Public Works and the Fund Manager of Financial Instruments in Bulgaria EAD (Fund of Funds) signed the Financing Agreement on the Management of Funds for Financial Instruments under the Operational Programme 'Regions in Growth' 2014-20.

Implementation progress

In June 2016, an agreement for the implementation of the IP was signed. This was followed by the adoption of a budget line (financial plan) for the city of Pazardjik with the purpose of financing the different structures needed for the launch of the IP, such as the IP management team, intermediate body, external evaluators etc.

On 12 January 2017, the Municipality of Pazardzhik signed its first two contracts for grants under the OPRG 2014-20 for €7,897,791.73, which launched the implementation of projects included in the Investment Programme of the IPURD of Pazardzhik.

Evaluation

The IPURD and the IPs do not have an ex-ante evaluation. The evaluation of the Pazardzhik IP was performed by the MA of the OPRD, and concluded with a Decision of the Head of the MA of the OPRD, issued on 25 May 2016, approving the IP and the conclusion of an agreement for its implementation.

At the end of 2018, the MA of the OPRG will evaluate the overall implementation of the IP and PA1 of the OPRG, and will retain the right to reallocate resources between beneficiaries in order to achieve the objectives and results at priority level. Under Article 16 of the agreements concluded with the 39 municipalities for the delegation of duties for the evaluation and selection of projects for financing under PA1 of the OPRG, each municipality undertakes to achieve the 2018 milestone of having 20 percent of the amount specified in the approved IP verified by the MA of the OPRG by 30 June 2018.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Best practice examples quoted during an interview with the municipal administration include the administrative organisation created, the units/teams established for the implementation of the programme, and previous project implementation experience under the Structural Funds.

At the same time, it was also noted that, at present, the municipal administration can be described as lacking capacity for the implementation of the delegated project evaluation functions, presenting a need to seek external expertise for the evaluation. It was also pointed out that the MA of the OPRG should have conducted relevant capacity-building training for IB experts as soon as the IBs were set up.

One positive example that should be mentioned is the success of the MA of the OPRD 2007-13 in financing the preparation of IPURDs in the 2012-13 period, which was a great benefit in terms of both the development of IPs for implementation of the IPURDs, and the identification of other options for financing IPURD projects, including through other operational programmes and financial instruments.

The following points could also be noted.

- The introduction of the SUD approach has given rise to active and effective ways of engaging the public in city development policies and project selection. The current approach has proved successful, with stakeholders being involved at all stages of the design process.
- Aiming to achieve the milestone for 20 percent verified project costs by June 2018 has had a mobilising effect on the municipality in terms of implementation of the IP projects, which is an essential condition for the full utilisation of the resources specified in the programme, as well as in trying to identify new funding opportunities.
- Although integration between ESF- and ERDF-funded operational programmes in the implementation of the SUD approach is considered limited, the tool provides a framework for achieving increased synergies.
- Each strategy reflects unique local needs whose measurement through thematic objectives does not provide for consideration of the specific nature of integrated urban development. An appropriate recommendation in this regard would be to avoid using sectoral objectives, of which thematic objectives are an example, in favour of objectives that take into account the specific nature of urban development and the opportunity for each city to support its actual development priorities.

Strategy fiche – Nicosia, Cyprus

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Transition Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	A specific part of an urban area (district, neighbourhood)
Planning horizon	2020
Is the strategy new?	Existed but slightly adapted
Size of town/city	100,000 – 250,000 inhabitants

Nicosia is the capital of Cyprus. The metropolitan area has a population of 239,277. The city is located in the Mesaoria plain in the north-central heart of the island. Nicosia is the last divided capital in Europe and still bears the marks of the post-1974 partition of the island with most deprived areas located near the demilitarised zone. Nevertheless, Nicosia has experienced rapid economic growth and is an important international business and commercial hub in the Eastern Mediterranean. The central area, especially within the Venetian walls, stands to benefit most from regeneration and upgrading of urban functions to tackle the loss of revenue and employment, which exceeded the national and city averages in 2012-2014. Unemployment in the eligible urban area within the walls stood at 14.66 percent in 2011; economic activity shrank by 13.5 percent in the 2008-2014 period.

Targeted areas

The eligible urban area is the Nicosia Central Area, according to the provisions of the PA and the OP 'Competitiveness and Sustainable Development'. The central area is clearly defined based on the local plan and the central area plan. Four sub-areas can be identified: the walled city, which is surrounded by the 16th century Venetian fortifications; the monumental complex of the walls; the modern commercial centre around the walls; and the south-west axis of public administration and culture.

Challenges and objectives

Based on statistical comparisons with Nicosia, Greater Nicosia and the Republic of Cyprus, the central area is lagging behind in terms of development, economic activity, economic welfare, social welfare and sustainability of the urban environment. The continued existence of the demilitarised zone, which crosses the core of the central area, has been a social and territorial barrier that divides the city's communities and prevents it from functioning as a single urban area. Problems of urban decline and population shrinkage are particularly acute along the areas neighbouring the demilitarised zone.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF			3a			6c, 6e	7c		9b		
ESF				4i, 4ii, 4iii		6i	7i, 7ii	8i	9i, 9ii, 9iii, 9v		

Special interventions in the affected areas and a communication strategy represent the methods being used to tackle the effects of the partition of the historic centre. However,

security concerns often recur due to the non-resolution of the Cyprus issue. Urban decline will be addressed by supporting entrepreneurial specialisation. Improving tourism services and overcoming the status of a small-to-medium-sized tourist destination that lacks a tourist product will be addressed through adaptation and promotion activities. Additional challenges are the need to improve the urban built environment, open spaces and air quality, as well as public transport, accessibility and mobility of pedestrians and cyclists. Waste management is also a challenge. The intervention also identifies support for vulnerable social groups and combating poverty and unemployment as particular challenges. The strategy aims to regenerate the urban centre as an administrative centre of the whole island, to boost economic competitiveness both in terms of diversity and intensity of activity, to support Nicosia as a services centre, to establish a nucleus of cultural and educational activities with a focus on the walled city, and to create attractive tourism and recreation areas.

Rationale and added value of the strategy

The Nicosia SUD is a part of the wider strategy of the Central Area Plan, which takes into account specific strategies of the municipality for sustainable mobility, innovation and social policy. The Central Area Plan, which covers a time horizon of more than 20 years, is based on the early recognition by the urban authorities of the benefits of an integrated approach. It also takes into account the 2005 'Bi-communal Study for a Common Urban Planning Development Strategy: New Vision', which covers the entire urban centre, both the free and occupied parts.

Implementation mechanisms

The implementation mechanism used is a multi-thematic priority axis – Priority 6 'Sustainable Urban Development' of the OP 'Sustainable Development and Competitiveness'. Additional activities are foreseen to be covered by other priority axes of the PA OPs with ERDF, Cohesion Fund and ESF funding.

Funding arrangements

Synergies between implemented actions are fully exploited and conform with the needs of the eligible urban area and the specific objectives of Priority 6. The funding provided to the strategy from the ERDF under Priority 6 totals €38,904,515; additional ERDF funding from other OP axes brings the ERDF total to €46,468,465.

Type fund	Name fund	Amount
ESIF	ERDF	€46,468,465
	ESF	€530,000
	Cohesion Fund	€30,215,900
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	Horizon 2020	€476,427
	LIFE	€2,258,663
Other domestic	Nicosia Municipality; Green Line areas revitalisation programme; Ministry of Interior; Ministry of Transport; Strategic Investors; Ministry of Agriculture Environment Department; Ministry of Education and Culture; Greece-Cyprus Cross-border Cooperation Programme/ Cyprus Tourism Organisation grants scheme.	€55,145,890
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Being considered	
Repayable grants	Being considered	
Community-Led Local Development	Not considered	
Private sector	Being considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The main actor in the design process was Nicosia Municipality. The strategy was drafted in-house and built on the pre-existing Central Area Plan in the framework of the Nicosia Local Plan and the bi-communal study New Vision, as well as the Nicosia Integrated Mobility Master Plan, which was commissioned by the Ministry of Transport and Works. The strategy study team comprised municipal officials and city planners. In addition, the strategy benefited from input provided by external experts and consultancies. On the central government level, the Department of Urban Planning and Settlement coordinated the drafting process of the SUD strategies and chaired the strategy evaluation committee that provided recommendations to the Directorate General of European Programmes, Coordination and Development (DG EPCD).

Consultation process

The municipality undertook a lengthy and inclusive consultation process that emphasised participative processes with stakeholders on urban planning and urban renewal, the provision of social services, and local employment policies. A social dialogue process was carried out, involving local self-government, social partners, state bodies, DG EPCD, educational bodies, schools and civil society. The consultation activities covered three main themes: innovation and entrepreneurship, urban planning and social services. With the support of the Entrepreneurship and Innovation Centre, a series of meetings were organised with government bodies and the research and business communities. The public was given an active role in the discussion of drafts: two structured workshops comprising bi-communal thematic groups were organised for the New Vision study, the precursor to the SUD strategy.

A similar process was undertaken for the discussion of the first bi-communal regulatory plan, with the participation of an International Consultative Panel. During the preparation of the Area Plan, 16 meetings took place either as open assemblies or consultations with interest groups. All stakeholders were represented in workshops organised from the outset of the plan drafting process. A public information, action and opinion survey were conducted by private providers. Furthermore, the mayor presented the plan's proposals to all municipal assemblies and councils. With regard to social services, a needs identification survey was conducted in 2014, with a sample of 120 parents in the eligible urban area. Public consultations on the planning of social policy programmes were conducted twice in 2015, with the participation of school principals and parents' associations from the eligible urban area.

Links to domestic pre-existing strategies

As discussed above, the strategy has close links with pre-existing strategies such as the 2005 'New Vision' bi-communal study, which covered the entire city centre, the 'Nicosia

Local Plan', 'The Central Nicosia Area Plan' and the provisions of the 'Integrated Mobility Plan Nicosia'. In that respect, the strategy constitutes a continuation of previous strategies and a reiteration of the municipality's commitment to integrated approaches in urban revitalisation. Attention is paid to the need to maximise compatibility of the strategy with the PA, the OP Sustainable Development and Competitiveness, urban planning for Nicosia and land use.

Measuring the effectiveness and added value of the strategy

The Nicosia urban authority was selected along with the other three urban authorities by the Urban Planning and Settlement Department in order to secure an adequate level of intervention and impact on urban development. The measurement of the effectiveness of the strategy will be achieved through the output and result indicators set in the OP. Following the drafting and approval of the integrated SUD strategies by the managing authority, namely the Directorate General for European Programmes, Coordination and Development (DG EPCD), the exact indicators and values were redefined. The results indicators, which are used to monitor and evaluate the results of investment priorities under Priority 6, are defined in the strategy. Output indicators are also provided per action and investment priority including in most cases base values and target values.

In autumn 2016, the OP underwent an update that affected the monitoring indicators system and required the approval of the European Commission. For the output indicators, common output indicators are used as defined in Annex 1 of ERDF Regulation 1301/2013 in all cases where the regulation foresees an indicator. Special output indicators adapted appropriately to the nature of interventions as defined in the four SUD strategies were created in cases where appropriate common output indicators are not included in the regulation. The initial programming of the axis included eight output indicators of which five were common. Two of the eight output indicators were replaced in order to reflect the proposed interventions of the SUD strategies. All the output indicators are considered suitable to capture the outputs in the relevant investment priorities. For the common indicators, the regulation definition is provided. For the special output indicators, a definition is given that provides clarity on what is measured, the measurement units used, and the methodology based on which the target values were set. Approaches to the target values were close to the nature of each indicator, although to a large extent unit costs were used, based on SUD strategy data and data from the 2007-13 period drawn from similar interventions.

With regard to result indicators, five indicators have been set, one per specific objective, as there is one specific objective for each of the five investment priorities included in the priority axis. All initially selected result indicators have been revised because of the difficulty in sourcing statistical data in the four municipalities covered by the strategies. Thus, the result indicators finally chosen are expected to make measurement more feasible: on one hand, in terms of setting the base value and the target value as well as monitoring during the programme period; on the other hand, to better reflect the anticipated result of the integrated interventions implemented through the investment priorities. The results indicators selected have been specialised based on the need to measure wider results of the actions implemented beyond the direct results recorded in the intervention area of each municipality. Such wider results are sought at the territorial level of the urban area of each municipality, not just the intervention area.

Key challenges

As the intervention area is characterised by urban degradation, tracing relevant primary data is important. This has been a difficult exercise. The way that national statistical data are grouped (for instance by postcode) did not facilitate their use in the strategy, which sets its own boundaries. Therefore, additional analysis was required.

The process of designing the strategy was complex. It involved building on existing strategic documents, as Nicosia was the only municipality with available studies; it also entailed emphasis on consultation in order to ensure the support of other public or private

stakeholders in the future implementation of actions. The establishment of a partnership for the Nicosia SUD required considerable administrative effort, and more work was required to establish the evidence base for the strategy. For example, extra effort was needed to contact the state cultural authorities for information, but there was still a lack of cultural data beyond that for monuments.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The managing authority (Directorate General for European Programmes, Coordination and Development, DG EPCD) is responsible for the approval of strategies and action plans, providing standards and guidance (along with the Department of Urban Planning and Settlement). The DG EPCD prepared the minimum project selection criteria for the relevant investment priorities, which were approved by the Monitoring Committee on 18 June 2015. A sub-committee of the Monitoring Committee will monitor the implementation, monitoring and evaluation of the SUD strategies in the framework of Priority 6 and will advise the Monitoring Committee on any corrective measures needed during the implementation of the OP.

The urban authorities have a decisive role in the selection and implementation of interventions. Projects will be selected by the local authorities/urban development bodies involved on the basis of an agreement with the MA and according to the provisions of the Funds Control and Management System.

At the municipal level, the management and implementation of the strategy is undertaken by the following bodies under the Nicosia authority: the Eligible Urban Area Management Committee, the SUD Strategy Working Group, and Monitoring and Evaluation teams (at the level of project/action). The first body, the SUD Management Committee, has overall responsibility for the oversight and management of SUD implementation and for political and economic decision-making. Particular responsibilities are: planning, organisation, control, management and oversight of SUD progress, problem-solving, the establishment of the other bodies and mechanisms, and taking important decisions for implementation. The committee consists of the Municipal Secretary (as chair) and the heads of directorates/units of the municipality. The committee convenes on a trimester basis, and ad hoc in order to address extraordinary issues.

Furthermore, a Working Group similar in composition to the one that was in charge of drafting the Strategy and the Action Plan has been established for SUD implementation. The group will have overall responsibility for the implementation of SUD projects, it will provide executive management on a day-to-day basis (whereas the Eligible Urban Area Management Committee meets once every three months), and it will be responsible for observing the timetable and ensuring smooth performance. In addition, the Monitoring and Evaluation Groups consist of Working Group officials, but also officials of other directorates/units or external consultants with a duty to coordinate the physical economic progress of each project, to define priorities, and to evaluate deliverables and implementation progress.

Special implementation arrangements

The multi-fund approach is used in the Nicosia SUD. Funding will be provided from the ERDF, the CF and the ESF, although the largest share comes from the first two funds. This is achieved through the use of fund-specific investment priorities.

With regard to financial instruments (FIs), the completion of technical studies is seen as a prerequisite for their introduction. The experience from previous programme periods was not strictly with those types of instruments. Therefore the know-how of specialised consultants is necessary, as is the earlier use of FIs. Beyond FIs, designated projects were the result of studies that combined the specified location with other sources of funding such as the bi-communal projects in the old city. There was synergy between old projects

and future proposals. The EU had also implemented an aid programme for the Turkish-Cypriot community. The main difficulty is that in recent years there has been some fragmentation of funding sources on both sides (of the divided city). The municipal officials are trying to match the resources available to each side, but this creates difficulties in implementation because of the lack of specific funding for bi-communal projects.

CLLD is only used in rural and fisheries areas.

Implementation progress

The first call for the Integrated Sustainable Urban Development strategy is expected to be issued in spring 2017. There have already been calls for experts that will supplement the team of the Master Plan Office; and calls have been issued for the Sustainable Urban Mobility plan since 14 July 2016.

A number of challenges have been encountered with launching the implementation. First, the new legislation on public contracts of April 2016, followed by the introduction of changes to the Integrated Monitoring System, for which information laboratories are being held. The addition of more processes such as the quality control by the Treasury of the Republic of Cyprus, which in the past was conducted by the IB only, further added to the complexity. Another important concern postponing implementation is that measures are taken not to overburden the city centre with the simultaneous implementation of projects, which may lead to congestion and the closure of major roads. The setting-up of a measurement system for indicators has also encountered difficulties, as it is not covered by funding. Those challenges are being addressed through the experience of the previous programme period, especially with regard to construction works. Monthly certificates of payments are issued, and tables of changes are regularly updated in order to monitor physical and financial progress and observe the timetable. Measures are also being taken to ensure that a seamless audit trail is followed. For example, there is the problem of co-location, as the project archives are kept where the design team is based, but the part before construction is hosted at the archives of the municipal secretariat. Care is taken so that these files are open and accessible to auditors.

Evaluation

The strategy will be evaluated as a part of a theory-based evaluation of Priority 6 'Sustainable Urban Development', to be conducted in 2019 according to the Evaluation Plan. The findings will be included in the 2019 implementation report and the evaluation results report. The focus of the study will be to evaluate the impact of the interventions of Priority 6 in terms of the promotion of entrepreneurship, the revitalisation of the productive base of the urban areas, the improvement of attractiveness of natural and cultural resources, the regeneration of the urban environment, the improvement of urban mobility, and the social services provided. The impact of projects implemented in the areas of Urban Mobility Plans and financed by Priority 5 'Promotion of Sustainable Transport' will also be evaluated.

The evaluation will cover each of the four SUDs that will be implemented (including Nicosia). It will assess the initial programming, the degree of completion, and the impact of each plan on the objectives. It will also synthesise the conclusions of the evaluation at priority axis level, including findings and recommendations for all intervention areas. The competent agency for all evaluations of the OP is the DG EPCD, the MA of the OPs, which ensures compatibility with the Monitoring and Evaluation system. Within the DG EPCD, an evaluation working group that consists of two officials of the Directorate for EU Funds has the coordinating role for carrying out the evaluation obligations of the MA. In addition, the ESIF programming, implementation and monitoring group will play an important role in selecting, carrying out and using the results of the evaluations. The competent state bodies for the implementation of SUD interventions (e.g. the Ministry of Interior) will contribute to the preparation of project specifications and specialist evaluation questions. The urban authorities are part of the implementation mechanisms for evaluation activity.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The process of synthesising the strategy has been a field where excellent work has been carried out. Expert input was used to identify problems based on the existing situation, followed by a thorough study of projects and projected results. Interviewed actors in the Nicosia urban authority expressed the opinion that it is difficult to describe lessons learned at this early stage in implementation. They noted that the concept of sustainable urban development is not solely the responsibility of the local self-government. In their opinion, state departments must be involved, and they have expressed the will to be involved in implementation, but they cannot provide support at the moment. Nicosia urban officials also acknowledged that efforts are being made in the direction of the circular economy, or innovation and entrepreneurship, but there are delays because the maturity of the approach is still being developed. The key challenges in this regard are viewed as factors external to the municipality, which should share the willingness and determination to make the strategy successful. More involvement and activity of the private sector and industry is also sought.

The level of resources available is regarded as sufficient for key infrastructure projects, but this is not viewed as the only factor determining the sustainability of interventions. In particular, Nicosia faces the spatial handicap of the partition. The setting-up of dedicated bi-communal funds can offer a partial remedy, but complete normalisation will only be achieved through the resolution of the Cyprus political problem.

One of the key areas where provisions for sustainable urban development can be improved is simplification. Despite promises, provisions have become more complex in reality and do not facilitate implementation or absorption. When the programme period started in 2014, the municipality had already invested in the development of its strategy proposals. However, the primary delay of the MA led to the loss of two years in elaborating the definition of the management contract. In the course of designing/implementing, the strategy requirements made the process cumbersome.

The audit needs are also understandable, but improvement is necessary. A key issue with regard to accounting is the connection between financial management and physical progress. After the change of legislation for public contracts beyond the Departmental Changes and Demands Committee, the municipality has to notify the Central Changes Committee. Thus, there is a transition from the thresholds of the coordinator to a higher level.

The improvement of the provisions relevant to sustainable urban development should be undertaken at every level: urban, national and EU.

Strategy fiche - Brno Metropolitan Area, Czech Republic

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2023
Is the strategy new?	Existed but substantially adapted
Size of town/city	500,000 – 1,000,000 inhabitants

The Brno metropolitan area for implementing ITI (hereinafter the BMA ITI) covers the territory of the city of Brno and its surrounding specially delineated part of the South Moravian Region. The total BMA ITI area comprises 1,755 square kilometres and includes over 600,000 inhabitants (5.8 percent of the Czech Republic). Predominantly, the BMA ITI consists of small rural municipalities. At the core of the BMA ITI is the city of Brno, the second-largest city of the Czech Republic, which, over the long term, exhibits the second-highest economic performance in the country (120 percent of EU average, the South Moravian region 75 percent). The unemployment rate in the BMA ITI is about 9 percent, which is slightly above the national average, particularly due to the situation in the peripheral municipalities of the BMA ITI.

Targeted areas

The BMA ITI targets the City of Brno, representing the core of the area and the delineated surrounding metropolitan area of the South Moravian Region, which encompasses 166 municipalities. The ITI territory was demarked with the aim of identifying a functional metropolitan area eligible for ESIF funding within the urban dimension of Cohesion policy. The delineation is based on a thorough analysis of functional relationships between the core city and the municipalities in its hinterland conducted by an independent expert team.

Challenges and objectives

The main identified development challenges are: (i) insufficient transport infrastructure and low usage of sustainable means of transport, (ii) inadequate quality and professional structure of human resources with respect to the labour market needs, (iii) worsened quality of environment and a shortage in the management of environmental risks, and (iv) lower quality of selected healthcare providers and the existence of socially excluded localities.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF / CF	1b		3a	4g			7b, 7c,		9a	10a, 10b	
ESF					5i, 5ii	6i	7i, 7ii, 7iii		9i		

Correspondingly, the objectives have been identified as follows: (i) to increase mobility and safety in transport, (ii) to decrease environmental load and to eliminate environmental risks, (iii) to support accessibility and the quality of infrastructure and services for the development of competitive sectors and to adapt the system of preparing

human resources, and (iv) to strengthen social cohesion and to increase accessibility of high-quality social and subsequent services.

Rationale and added value of the strategy

Brno City Authority has already undertaken activities of metropolitan cooperation in the past, but with the introduction of the ITI instrument a new impulse for mutual collaboration has emerged. The key added value is perceived in the possibility of financing and coordinating projects from more than one OP across priorities to generate synergy effects for the metropolitan area. Further, the ITI strategy has enabled the creation of new partnerships at mezzo-regional level and has stimulated cooperation.

Implementation mechanisms

An Integrated Territorial Investment (ITI) will be used. The strategy holder is the City of Brno and the city authority is responsible for the management of all phases of the strategy's lifecycle (i.e. preparation and development of the strategy, its discussion and approval, management, its fulfilment, monitoring and evaluation). Five OPs contribute to IS BMA implementation (OP Transport, OP Environment, OP Employment, OP Enterprise and Innovations for Competitiveness, and Integrated Regional OP) and three ESI funds are involved (ERDF, ESF, CF). Moreover, Brno City Authority fulfils the role of intermediate body for ERDF OPs funding the ITI strategy.

From the implementation structure point of view, the City of Brno plays three roles in the system. First, it is the holder of the strategy BMA for ITI. Second, it has established an intermediate body for ERDF OPs funding ITI. And third, the City of Brno is the administrator of its projects supported by ITIs. Another notable feature comprises the close interconnection/additionality of the BMA ITI strategy to the regional innovation strategy S3 in the support area of competitive human capital and creative business environment.

Funding arrangements

European funding is absolutely crucial for the IS BMA realisation, as it was designed as an intervention strategy for ESIF. No specific funding arrangements (e.g. financial instrument, CLLD, private sector) are employed.

Type fund	Name fund	Total amount	EU contribution
ESIF	ERDF	€ 113,420,000	€ 107,717,000
	ESF	€ 4,775,000	€ 4,387,000
	Cohesion Fund	€ 87,765,000	€ 83,288,000
	EMFF		
	EAFRD		
Other European (i.e. COSME, Horizon 2020 etc)	-		
Other domestic	-		
Other (e.g. EIB)	-		

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

Source: The ISBMA (2016)

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The design process was the responsibility of Brno City Authority (the holder of the IS BMA) and was led and coordinated by a steering committee established for this purpose. It comprises representatives of key actors in the metropolitan area (representatives of city and regional elected bodies and administrations, the South Moravian Innovation Centre, universities, NGOs, economic chamber of commerce, association of cities and municipalities or representatives of external authors of the strategy). Simultaneously, Brno City Authority outsourced the elaboration of the IS BMA to external authors who participated in all the phases of ITI strategy production. In addition, other stakeholders were involved in developing the strategy and in the consultation process (e.g. Public Traffic Company of Brno City, Directorate of Road Network, River Basin Authority, MAs of contributing OPs, MRD). The stakeholders were recognised on the basis of previous territorial knowledge and cooperation (e.g. in the Eurocities project) for the purpose of identifying strategic integrated projects eligible for ESIF. Moreover, stakeholder analysis was undertaken as a part of the analytical work on the IS BMA. In order to formally confirm the cooperation under ITI, a memorandum on cooperation was signed between Brno City, the South Moravian Region and the five largest municipalities in the delineated BMA.

Apart from the steering committee, four thematic working groups (transport and mobility; environment; competitiveness and education; social inclusion and social services) were set up as discussion platforms, consisting of the actors outlined above.

The strategic objectives were determined on the basis of the analysis conclusions (elaborated by external authors mainly as a synthesis of existing analytical/strategic documents) and inputs from working groups, agreed and approved at the steering committee. Subsequently, the objectives were transformed into a hierarchy by the holder of the IS BMA, respecting the recommended guidelines from the MRD. Nevertheless, setting the objectives was significantly influenced by the eligible activities offered through the national OPs.

The MRD rendered the methodological guidelines for the usage of integrated territorial instruments, which also apply to the preparation of ITI strategies. However, this provision was significantly belated, and therefore the ITI strategies were emerging spontaneously at the start of the process, and the guidelines were even amended inversely according to the approach taken by the cities. Gradually, the methodological support provided by the MRD has improved. For example, the ministry organised and funded the MEDUIN project, which allowed the hiring of thematic experts who reviewed the IS BMA prior to the official appraisal process at the MRD and MAs. In addition, the BMA ITI strategy received a peer review at a meeting of the Urban Development Network in January 2016. Both exercises were assessed as beneficial, and some of the recommendations were adopted.

The approval process was organised as follows. Firstly, the final draft of the IS BMA needed to be approved by Brno City Council (8 December 2015). Secondly, formal and factual appraisals were carried out by the MRD and the managing authorities of the contributing OPs. The approval process is considered too complicated and consequently too lengthy (e.g. the formal appraisal always needs to be repeated after amendments on the basis of factual assessments have been made). Some experts argue that the length of the assessment is not appropriate, given the magnitude of changes suggested by the appraisal subjects.

The most influential factors in the set-up of the BMA ITI strategy relate to the governance culture (e.g. relatively weak position of the national coordinator of ITIs in comparison to other sectoral ministries acting as MAs, relatively high distrust among

particular management levels that has resulted in a rather cautious and strict approach to the methodological setting of the appraisal and implementation processes), which resulted in belated methodological leadership from the MRD and a discrepancy between the demand from the territory for appropriate integrated activities and the OPs' offer to finance them (noticeable, for example, in the environmental sector).

Consultation process

During the entire design and preparatory process, the partnership principle was employed to a great extent. Partners could comment several times during the writing of the drafts of the strategy. At national level, the MRD provided leaflets and brochures explaining basic facts and the added value of ITIs for public administration bodies and the interested public. All seven holders of ITIs met regularly to ensure knowledge exchange and a unified approach towards the MAs of the contributing OPs. Consultation on the IS BMA was broad and aimed at a knowledgeable public. Communication was conducted via website, seminars, lectures or exhibitions. In addition, the BMA ITI strategy was subject to a strategic environmental assessment; therefore, a public hearing is given by law. Nevertheless, due to the nature of the ITI instrument, the principal consultation process was targeted predominantly at 167 municipalities encompassed in the BMA.

Links to domestic pre-existing strategies

The ITI represents the first intervention strategy for the territory of Brno metropolitan area. However, the Brno City Development Strategy 2010 pointed out agglomeration relationships, including the demarcation of the city agglomeration area, and it expressed the need to solve particular development obstacles via an integrated approach; nevertheless, it lacked an adequate financial action plan. Moreover, selected thematic strategies (e.g. transport, social inclusion) have also highlighted the need for metropolitan cooperation, and the IS BMA complements particular themes in the RIS4/S3 strategy. Consequently, the BMA ITI strategy derived its analytical part mainly from the existing strategic documents, but the implementation mechanism is completely new. Previous experience with implementing integrated urban strategies relates only to integrated plans of urban development from the 2007-13 programme period.

The IS BMA, as with the other ITI strategies in the country, was derived from the National Strategy of Regional Development 2014-2020. However, there is no other strong integration into national policies, apart from rather formal links to relevant national sectoral strategies (e.g. national innovation strategy, national transport policy, national strategy of social inclusion). On the other hand, newly prepared local and regional strategic documents reflect the logic of the ITI strategy to a large extent (e.g. regional innovation strategy, waste management plan). And the preparation of the Brno City Development Strategy for the post-2020 period constitutes metropolitan cooperation as one of its key pillars including the financial envelope. Further, a newly elaborated Plan of Sustainable and Smart Urban Mobility operates within the ITI-delineated metropolitan area and takes into consideration projects that will be realised.

Measuring the effectiveness and added value of the strategy

The results of the strategy and the contribution to particular OPs' objectives will be measured with the help of the indicator system compulsorily set for the IS BMA, exploiting in particular the system of monitoring common output and result indicators of contributing OPs. The baseline and target values have been defined for all indicators predominantly on the basis of prepared projects and project intentions. In addition, other specific result indicators are being planned to expand the current monitoring framework of the IS BMA to gain a better quantitative indication of the long-term added value of ITI. Inspiration will be drawn from the Brno City Strategy, using a system of over 80 indicators for more than five years. All indicators will be utilised for the preparation of regular reports on progress in fulfilling the ITI strategy and submitted to the MRD every six months. 'Hard' results will be measured by the set indicators (e.g. area accessible from TEN-T in 45 minutes; share of public transport within total passenger transport),

whereas 'softer' areas (e.g. social and human capitals) will involve special surveys and research questionnaires already focused on the Brno City Strategy.

The multi-fund approach affects the ability to measure the contribution of ITI provisions to a large extent. For the purpose of measuring the contribution to particular OPs, the strategy activities must be put into pigeonholes of the central monitoring system (i.e. the allocation of a certain OP must be assigned to the fulfilment of objectives of that OP, even though the allocation could also contribute to a different OP). Consequently, the strategy's integrated effects might be virtually lost due to the obligation to display particular (thematic) contributions separately. In addition, the common monitoring indicators are not considered adequate to allow measurement of the effectiveness of the integrated approach.

The (expected) added value of the strategy beyond monitoring indicators is already profound. The Brno ITI strategy has become a sort of institutional catalytic of metropolitan cooperation and has enabled wide agreement on, and funding for, strategic projects principally for the metropolitan territory. There are now efforts to ensure the continuation of the structures created (e.g. steering committee, working groups) and metropolitan partnerships. Moreover, as already noted, some of the local and regional strategies retargeted spatial areas they deal with to the BMA.

The measurement of the contribution to domestic and European policies is an ambition of the IS BMA management, but it represents a real challenge. No details have been outlined yet, but it is obvious that a broader approach to assess tackling urban development will be needed. Therefore, the IS BMA representatives would appreciate methodological leadership from the MRD or the EC.

Key challenges

Negotiations on the volume of budgets from particular OPs and concrete eligible themes were a challenge. The gradual narrowing of eligible themes and activities from national level for ITI has undermined the confidence of the BMA partners in the capabilities of the ITI instrument. Furthermore, the discrepancy between the demand for appropriate integrated activities and the offer of OPs to finance them led to a re-focusing of the IS BMA and its adjustment to meet the offer of the national OPs. Furthermore, the central monitoring system has proved to be inconvenient for recording interlinked objectives and funds from the various OPs, and the overall setting of the monitoring system is not adjusted to the implementation of ITI. Finally, the system for ITI appraisal proved to be very lengthy and substantially delayed the launch and implementation of ITIs.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The overall coordinating role for the integrated territorial instruments is the responsibility of the MRD, which is the managing authority for one of the OPs that fund the ITIs, and also four other national ministries that have roles as managing authorities. The principal coordinator is in charge of setting methodological guidelines and of the central electronic monitoring system as the key tool for monitoring and of overall coordination. The monitoring committees of the contributing OPs (i.e. MAs) approve the final version of the strategy and the appraisal criteria, and the MA conducts part of the appraisal process and verifies the project selection process. In the case of ESF projects, the MA or its intermediate body conducts the entire appraisal process.

In brief, responsibilities delegated by the MAs to the city authority include the provision of information to beneficiaries, the assessment of projects' compliance with the IS BMA, the setting of appraisal criteria, the preparation and launch of calls by the ITI holder, formal and partly factual appraisal of ERDF projects (ESF and CF proposals are appraised directly by the relevant MAs or their intermediate bodies), and monitoring and evaluative duties. Importantly, however, the respective MAs (i.e. monitoring committees) have the final word on projects selected for funding, and therefore MAs and their intermediate

bodies verify the acceptability of project applications and issue final appraisal statements as a basis for particular MAs to conduct a final factual assessment. Also, the MAs have the responsibility to approved suggested appraisal criteria.

The holder of the IS BMA is thus practically responsible for all phases of the lifecycle of the strategy. The executive role is given to the City Strategy Office, comprising the ITI manager, the coordinator of working groups, the coordinator of territorial cooperation and other staff. The City Strategy Office is responsible for managing, coordinating, debating and pre-assessing project proposals, announcing calls (after opening of calls by respective MAs), monitoring, and evaluation of the strategy. The steering committee assesses the compliance of proposed projects with the IS BMA on the basis of recommendations provided by working groups, and the committee issues agreement positions that are compulsory supplements of project applications. In addition, an intermediate body within the City Authority for ERDF-contributing OPs has been constituted to take charge of the formal appraisal of projects (part of the factual appraisal is carried out only for competitive calls).

The selection of operations is based on a series of appraisal indicators (some of them are generically used in particular OPs, and some will be or have been set exclusively for the purpose of the IS BMA) that are proposed by the strategy holder in cooperation with its intermediate body, but approved by the monitoring committees of the respective OPs (i.e. managing authority). The ITI manager bears responsibility for the ITI strategy and the financial and factual monitoring of projects based on the data in a special module of the system (the data is entered by applicants/beneficiaries and intermediate bodies or MAs). The ITI manager coordinates the preparation of regular reports on the progress of fulfilling the ITI strategy and its submission to the MRD, as well as conducting ongoing monitoring observations. Nevertheless, the IS BMA management perceives the system to be a hindrance for the implementation of integrated territorial instruments. It has not yet been sufficiently adjusted to the needs of ITI (e.g. amending project applications to meet the needs of the ITI strategy, interlinks among strategic objectives and funding etc.), and a series of necessary stages in ITI implementation has not yet been developed in the monitoring system.

Special implementation arrangements

Neither financial instruments nor the CLLD strategies are included in the BMA ITI strategy. The CLLD strategies operate within the delineated BMA, but they are in a parallel structure to the BMA ITI and employ different implementation mechanisms. In short, CLLD is not an integral part of the ITI strategy.

The strategy is funded by the three ESI funds (ERDF, CF and ESF), which enables the compilation of a more complex set of integrated projects. On the other hand, there is scepticism regarding the expectations of the practical implementation and the need for coordination of particular project activities carried out within the strategy.

Implementation progress

The implementation of the IS BMA has been considerably delayed due to the prolonged assessment of the strategy by relevant national authorities. The formal and factual assessments were completed on 13 October 2016, and so-called Letters of Acceptance are awaited from all OPs contributing to the strategy to formally finish the approval process. Within a few weeks, the first calls of the ITI strategy holder will be launched in the sphere of transport (relevant project intentions have already been prepared, and thus accelerated implementation is expected).

Evaluation

The management of the IS BMA anticipates conducting evaluation studies (mid-term process and result evaluations are compulsory). Nevertheless, no detailed plan has yet been outlined due to the overall late implementation. The evaluation basis will be the regular progress reports of the ITI strategy implementation submitted to the MRD by the

ITI holder and its intermediate body for ERDF projects. The exact time schedule is currently being arranged.

2.3 GOOD PRACTICE AND LESSONS LEARNED

ITI is perceived as having the potential to become a new dimension of strategic planning, representing a unique opportunity for the phenomenon of metropolitan cooperation and a tool to tackle particular negative impacts of suburbanisation in some ITI areas. The principles of an integrated approach, the concentration of funds, legislative anchoring and intervention ground are perceived to be fruitful and beneficial. Nevertheless, several negative lessons learnt from working with the initial ITI idea are worth noting, as follows.

- There has been a discrepancy between the demand for potentially needed activities from territories and the offer of eligible activities from national OPs (both in thematic and in financial terms).
- It is perceived as a mistake that the designation of themes and activities for ITI tools at national level had not been agreed before the launch of the intense communication with partners in the metropolitan area. Excessive expectations emerged on the partners' side, and the subsequent substantial reduction of eligible activities for ITI from national OPs, undermined trust in the ITI tool in general.
- The diverse implementation structure for the ERDF flow on the one hand, and ESF and CS on the other hand (i.e. mandatory intermediate body) complicates the implementation mechanisms of ITI.
- Imperfections in the central monitoring system to monitor and assess ITI in an integrated and interlinked way (this relates in particular to monitoring indicators, monitoring of objectives, and their fulfilment and financial assignments).
- Although the MRD is the principal coordinator of ESIF in the Czech Republic and territorial approaches, it is a rather 'weak' sector overall, and it has failed to push through higher allocations for ITI from those thematic OPs for which high demand in the metropolitan areas has been identified (typically in the sphere of environment). More intense promotion of the benefits and positives of integrated territorial approaches towards other ministries (managing authorities) and other actors in ESIF implementation framework is considered to be important.
- It would be beneficial to thoroughly reconsider whether the involvement of particular spheres that require a high number of projects (typically the social sphere) is effective. Holding to a principle of concentration and focusing on large strategic projects within an ITI strategy might contribute more. Tackling particular thematic issues can be handled more effectively by (national/regional) sectoral strategies with less complicated requirements/frameworks.

The good practices drawn from the IS BMA experience are the follows:

- One of the key factors for the success of partners' engagement in the strategy-design process was that the communication with partners had already started at a very early stage (when it was only implied that integrated territorial investments would become a tool of Cohesion policy). The financial materialisation of the ITI tool is essential for the entire strategy realisation.
- Replication of the metropolitan cooperation patterns into the city development strategy for the post-2020 period.

Recommendations for changes:

- Unify the requirements for implementation mechanisms for ERDF and ESF/CF at EU level.
- Ensure methodological support for the delineation of targeted metropolitan areas at EU level.
- Ensure methodological leadership from the MRD or the EC on how to measure the contribution of ITI to domestic and European policies and how to measure the efficiency of ITI in comparison to other instruments of Cohesion policy.

Strategy fiche – Prague, Czech Republic

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	More Developed Region
Implementation mechanism	Integrated Territorial Investment
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2023
Is the strategy new?	Completely new
Size of town/city	1,000,000 – 5,000,000 inhabitants

The Prague Metropolitan Area (PMA) is one of seven ITI strategies designated in the Czech Republic. The PMA consists of two parts: the City of Prague and surrounding parts of the Central Bohemia region. Consequently, it comprises two categories of regions: the Central Bohemia region is a less economically developed region (GDP per capita in PPS CZK 18,200; 73 percent of EU average, 2011), whereas the City of Prague is a more economically developed region and is the economic engine of the country (GDP per capita in PPS CZK 42,900; 171 percent of EU average, 2011). Overall, the region is the most dynamic and productive region of the Czech Republic (it generates a quarter of the national GDP), it is a centre of administrative and economic functions, and a national centre of history, culture, R&D and learning. The metropolitan area has a very low (below the Czech average) unemployment rate (10.9 percent, 2011), and the relative proportion of tertiary sector is high (58.2 percent, 2011).

Targeted areas

The PMA covers 5,000 km², has almost 2 million inhabitants and includes 515 municipalities (i.e. 6 percent of the area of the Czech Republic and 20 percent of the Czech population). The delimitation of the PMA was carried out by an independent expert team, and it was based on analyses of the integrated system of municipal centres, suburban zones and transport links.

Since the PMA consists of two categories of regions in terms of the level of socioeconomic development, there are limits for EU financing. Not all the activities eligible for support from the ESI Funds in the Czech Republic can be implemented in the area of the City of Prague. Consequently, the majority of interventions within the ITI strategy will be undertaken primarily in the hinterland of agglomeration (i.e. in the Central Bohemia region).

Challenges and objectives

The PMA ITI strategy focuses on three main topics: integrated transport, protection against natural risks, and education. The strategic vision was defined as 'Close to school, comfortably to work, safe at home!' The global objective of the strategy is to connect the core and the background of the Prague agglomeration into one functional unit with efficient allocation of public services infrastructure. The unit will be well linked by transport and will be jointly protected against natural risks while maintaining respect for environmental health.

Specific objectives have been defined for three priority areas: smart transport; protection against natural risks; available and quality education.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF / CF				4e	5b		7b, 7c			10a	

Rationale and added value of the strategy

The decision to prepare and implement the ITI PMA was derived from the National Strategy for Regional Development 2014-2020 and the Partnership Agreement. With regard to the character of the territory involved (i.e. functional urban areas), the PMA seems to be an appropriate example for the ITI instrument. Therefore, the preparation of the ITI strategy for Prague and its hinterland was a logical step. The ITI PMA is a new instrument aimed at solving common, long-term problems of the City of Prague and the Central Bohemia region. To date, these two regions have not cooperated on a systematic basis, but, thanks to the ITI strategy, close cooperation and communication have been established between them.

Implementation mechanisms

The strategy for the PMA is implemented through a mechanism of integrated territorial investment (ITI). The implementation of PMA ITI projects will be funded by the following three OPs: the Integrated Regional Operational Programme (IROP, 81 percent of the ITI allocation), the Operational Programme Prague Growth Pole (OP PGP, 16 percent) and the Operational Programme Environment (OP Env, 3 percent). Two European funds are involved: the European Regional Development Fund and the Cohesion Fund.

With regard to the main implementation structure characteristics, the City of Prague is a holder of the strategy, and the main activities in preparation and implementation have been managed by the Prague Institute of Planning and Development. For the IROP, the ITI intermediate body has been set up.

Funding arrangements

Type fund	Name fund	Amount (thousands)	EU contribution (thousands)
ESIF	ERDF	€ 202,966.2	€ 160,917.8
	ESF		
	Cohesion Fund	€ 6,373.4	€ 5,417.4
	EMFF EAFRD		
Other European (i.e. COSME, Horizon 2020 etc)	-		
Other domestic	-		
Other (e.g. EIB)	-		

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

No specific funding arrangements are foreseen within the ITI PMA. The only financial resources represent particular OPs and own resources of the beneficiary (i.e. the national contribution). The EU contribution is 79.5 percent of the total eligible expenditure, i.e. European funding has been essential for the ITI PMA. Without money from the ESIF, the strategy would not have been developed and implemented.

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The design process of the PMA ITI was led by the holder of the ITI strategy – the City of Prague – and specifically by the Prague Institute of Planning and Development, which was empowered to undertake the entire process of preparation and elaboration of the ITI strategy. The institute cooperated with external experts both for the delimitation of the PMA and the preparation of the strategy's factual content.

The process started in 2013, when the Memorandum on Mutual Cooperation of the City of Prague and the Central Bohemia region was signed as a declaration of future cooperation on the preparation of the strategy. On the basis of the memorandum, an official working group in the format 3+3 (politician, strategic expert and implementation expert) was established. After a broad debate, the main topics of the ITI preparation were identified: transport, environment, and regional system of education – representing the long-term issues of the metropolitan area.

To apply the partnership principle, a matrix of influences and interests has been elaborated by the external experts as an instrument for defining the relevant stakeholders. The key stakeholders were those who belonged to the group with high levels of both influence and interest. The key stakeholders and partners comprised: Prague City Hall and the Regional Authority of the Central Bohemia region, concerned municipalities with extended powers, and other potential beneficiaries and end users, state and public institutions, owners and administrators of the critical infrastructure, associations of organisations, and local action groups.

For the preparation and processing of the ITI, the ITI Steering Committee was established, involving representatives of Prague City Hall, the Prague Institute of Planning and Development, the Central Bohemia region and external experts. In addition, three thematic working groups were established (for transport, regional education and environment), reflecting the stakeholder analysis in the membership.

The Ministry of Regional Development (MRD) provided a methodological guideline for the preparation and implementation of integrated instruments (incl. ITI). The guideline is regarded as helpful for the strategy holder, especially concerning the structure of the strategy. On the other hand, the rules concerning formal steps of approval and implementation have hindered and prolonged the process, as the guideline does not reflect all the specifics of the City of Prague (for example, the requirement to establish an ITI intermediate body for the OP PGP, or to conclude a contract between the MA and the TI IB in the case of the OP PGP).

The strategy was assessed by external experts before the formal approval process. Some of the experts' recommendations were crucial for refocusing the strategy. The holder of the strategy also ensured an ex-ante evaluation of the strategy and the Strategic Environmental Assessment (SEA). In February 2016, the ITI strategy was submitted in accordance with the call for proposals for ITI strategies opened by the MRD. The approval of the ITI strategy had two stages. The eligibility and formal appraisal was carried out by the MRD. In the factual appraisal, all three managing authorities of the contributing OPs were involved. This was completed in August 2016. All the relevant managing authorities issued the Declaration of Acceptance of the Integrated Strategy. The strategy was approved in October 2016.

The most influential factors in the setting-up of the ITI strategy were identified as follows: initial complicated communication with stakeholders, which prolonged the entire preparation process; the methodological guideline that determined the basic requirements on the strategy content; outputs of the analytical part of the strategy that identified the needs of the area; setting up programmes that defined supported activities and available

allocation for integrated instruments; and the absorption capacity of the potential beneficiaries that predetermines specific projects.

Consultation process

As a part of the design process, repeated consultations were held with the managing authorities. Modifications consisted of the reduction of proposed measures in view of the scope of supported activities and restricted allocation for integrated instruments. In December 2014, a joint meeting of representatives of the ITIs, MAs, MRD and EC (DG REGIO) was held. The strategy was also discussed with the key stakeholders through the working groups (mentioned above), and the public were given an opportunity to make comments (during the preparation phase, the strategy was published on the website of the strategy holder). Furthermore, the ITI strategy was subjected to a Strategic Environmental Assessment (SEA), during which the public could have commented on the draft strategy.

Links to domestic pre-existing strategies

As the ITI is a new type of strategy, there are no similar previous strategies for the PMA that would be based on an integrated approach and no previous strategy treating the metropolitan area of Prague. The strategy for the PMA ITI was prepared in accordance with strategic documents at European, national and regional levels that relate to the treated area and the defined themes. At the regional level, there are links to the following strategies: the Prague Strategy Plan and the Central Bohemia Region Development Programme 2014-2020.

Interestingly, the ITI strategy is reflected in the new version of the Prague Strategy Plan (especially new ways of communication with the stakeholders) and the Sustainable Urban Mobility Plan newly being prepared for the same area of the PMA).

Measuring the effectiveness and added value of the strategy

To measure the strategy results, a set of output and result indicators based solely on programme indicators have been defined with target values for each specific objective. The target values (binding for output indicators) have been set by an expert estimate based on a database of project intentions created during the preparation of the strategy. Beyond the scope of indicators, the holder of the strategy also intends to monitor the spatial distribution of integrated projects (i.e. to map outputs).

When considering the suitability of indicators as a measuring tool of strategy impacts, interviewed stakeholders were not convinced of their irreplaceability. However, finding an alternative would be complicated.

The main added value of the strategy is perceived as the initiation of cooperation and communication among Prague, the Central Bohemia region and its municipalities. With regard to the added value of the strategy, there is a presumption that the adoption and implementation of the strategy will ensure better functional links between both areas, their qualitative development, solutions to common problems and needed long-term intensive cooperation. Cooperation was also initiated with the other ITI strategy stakeholders. It can be presumed that the ITI strategy will affect not only the PMA; activities in transport will especially have an influence beyond the PMA because Prague is a destination not only for people from the Central Bohemia region. These added values will not be measured. The very existence of the projects will be proof of this type of added value.

Key challenges

From the perspective of the holder of the strategy, the main challenges are perceived as communication with all relevant stakeholders and reaching a consensus. The holder of the strategy has tried to communicate properly with all relevant stakeholders. It had to justify the benefit of the strategy and made stakeholders think not only of their own area but also of the region as a whole. It was necessary to explain that Prague and the Central Bohemia region and its municipalities are not competitors, but rather that they are on the same side

and have common goals. This message was successful, and all the relevant stakeholders sat down at the negotiating table so that the strategy could be elaborated, reflecting a consensus of opinions and requirements.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The overall coordinating role for integrated territorial instruments is the responsibility of the MRD, which is the managing authority for one of the OPs that funds the ITIs, and also of four other national ministries that have roles as managing authorities.

The principal coordinator is in charge of setting methodological guidelines and of the central electronic monitoring system as the key tool for monitoring and the entire coordination. The monitoring committees of the contributing OPs (i.e. MAs) approve the final version of the strategy and the appraisal criteria, and the MA conducts part of the appraisal process and verifies the project selection process. In the case of ESF projects, the MA or its intermediate body conducts the entire appraisal process.

In brief, responsibilities delegated by the MAs to the city authority include the provision of information to beneficiaries, the assessment of projects' compliance with the PMA ITI strategy, the setting of appraisal criteria, the preparation and launch of calls by the ITI holder, formal and partly factual appraisal of ERDF projects (ESF and CF proposals are appraised directly by the relevant MAs or their intermediate bodies), and monitoring and evaluative duties. Importantly, however, the respective MAs (i.e. monitoring committees) have the final word on projects selected for funding, and therefore MAs and their intermediate bodies verify the acceptability of project applications and issue final appraisal statements as a basis for particular MAs to conduct a final factual assessment. Also, the MAs have the responsibility to approve suggested appraisal criteria.

The main implementation body is the Prague City Hall, which acts as a holder of the ITI strategy. Nevertheless, the majority of ITI strategy implementation duties have been assigned by Prague City Hall to the Prague Institute of Planning and Development. Further, a special department within the Prague City Hall was created to act as an intermediate body for the ITI strategy (for ERDF-funded projects). The key partner for the strategy implementation is the Central Bohemia region.

The Prague Institute of Planning and Development is responsible for coordinating activities in accordance with the timetable, coordinating the activities of the local actors, applying the partnership principle, preparing calls for project bids, monitoring strategy fulfilment, reporting on the implementation of the strategy, and conducting the publicity for the strategy. In the fulfilment of these tasks, the following bodies are involved: statutory bodies of the holder of the ITI, i.e. Prague City Assembly and Council (e.g. approve the ITI strategy and its substantial changes – certain substantial changes are also adopted by the Assembly and Council of the Central Bohemia region), ITI Steering Committee (e.g. approves reports on implementation, issues a statement on project intentions, discusses and approves calls by the ITI strategy holder), manager of the ITI (e.g. announces calls for project intentions, and in cooperation with an assistant manager assesses progress in implementation of the ITI strategy and monitors indicators), assistant manager of the ITI (e.g. administers calls for project intentions, ensures publicity of the strategy), working groups (primarily discuss the sets of project intentions), and thematic/territorial coordinators (e.g. coordinate the cooperation of the actors concerned, help to apply the partnership principle, serve as contact points and offer consultations to potential applicants and submitters of project applications).

The Prague Institute of Planning and Development also ensures monitoring and reporting activities comprising the following obligations: (i) twice a year, to create a report on the implementation of the integrated strategy; (ii) after completing the last integrated project, to create a final report on the implementation of the integrated strategy; and (iii) to carry out a mid-term evaluation of the integrated strategy.

The ITI IB for ERDF-funded projects (i.e. a special department within the Prague City Hall) is responsible for setting the selection criteria, and the monitoring committee of the relevant OP is responsible for their approval. The set of criteria for the selection of integrated projects can be different from criteria for the selection of individual projects, as they take into account the needs of the strategy and the integrated approach.

Although the PMA ITI strategy will be funded (in addition to the CF) from the ERDF part of both the OP PGP and the IROP, there are differences in the implementation structure and process of project approval. In general, for ERDF projects (apart from the OP PGP) the ITI intermediate body ensures project selection. For the OP PGP projects, the agenda of the ITI IB is ensured by the managing authority of the OP PGP, which is the City of Prague (i.e. there is no ITI IB for the OP PGP). The projects funded from the CF are treated directly by the particular managing authority of relevant OPs (i.e. by national sector ministries).

Selection of the operations is organised in two phases. Firstly, the project outlines are considered. After identifying a set of projects that fulfil the parameters of the call, the project submitters complete standard project applications. In the second phase, integrated projects are selected. In the case of the IROP projects (ERDF), the ITI IB, IROP IB and MA are involved in the selection process. With regard to the OP PGP projects (ERDF) and the OP Env projects (CF), the relevant MA manages the entire selection process.

Special implementation arrangements

Neither financial instruments nor CLLD have been introduced in the strategy. The strategy is funded by two ESIF funds (ERDF and CF), which enables compilation of a more complex set of integrated projects and better meets the needs of the PMA compared to a one-fund situation. The aggregation of funds is at the level of the ITI strategy – projects financed from these two funds can be implemented within the strategy.

There is one special implementation arrangement within the PMA ITI. The Prague City Hall acts as holder of the ITI strategy as well as managing authority of the OP PGP. As regards the OP PGP, the exception has been negotiated. Although the ERDF part of the OP PGP will be used for financing of the ITI strategy, the ITI IB for this OP has not been set. The project-selection process will be ensured by the MA.

In contrast to other ITIs in the Czech Republic, the PMA is not an integral area in terms of eligibility for EU funding. It covers two categories of regions – the core (the City of Prague, the more economically developed region) and the delineated surrounding area (a part of the Central Bohemia Region, the less economically developed region). Consequently, there are diverse conditions for applying the thematic concentration and co-financing requirements involved for the different territorial parts of the PMA ITI.

One feature of the strategy worth mentioning is the approach taken in the delimitation of the PMA. The delimitation was carried out by experts from reputable universities and several scientific methods were applied.

Implementation progress

The approval process of the ITI strategy was completed in October 2016. The MAs of the IROP and the OP PGP have already announced calls for integrated projects. The MA of the OP Env planned to announce a call in January 2017. The final (approved) version of the ITI strategy was scheduled to be forwarded to the Prague City Assembly in November 2016. After this step, the holder of the strategy announces the first call for project intentions (expected in December 2016).

Evaluation

According to the methodological guideline, the holder of the strategy is required to prepare a mid-term evaluation of the integrated strategy in 2018, based on data as of December 2017. The holder intends to use an external evaluator, but full details have yet to be outlined yet. In addition, the National Coordination Authority at the MRD intends to conduct

evaluation activities focusing on ITIs, namely (i) a process evaluation of ITIs in 2017 and (ii) a mid-term evaluation of ITIs in 2018.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The PMA ITI strategy is perceived by the strategy holder as a pilot integrated approach for Prague and its hinterland. Although the implementation of the strategy has not yet started, some aspects can be considered as a good practice or lessons learned.

In terms of good practice, it should be pointed out that, thanks to the ITI strategy, enhanced communication between the City of Prague and the Central Bohemia region has been initiated. Moreover, the cooperation has extended into other areas beyond the scope of the ITI strategy.

As the potential beneficiaries can submit applications as integrated projects (as a part of the ITI strategy) or individual projects (directly to the relevant OP), it is important that the strategy holder communicates intensively with potential beneficiaries and monitors the absorption capacity regularly (especially before the preparation of a call).

In addition, lessons have been learned. The situation of the PMA ITI is complicated by the merger of two categories of regions, which limits the scope of supported activities in Prague. Consequently, the majority of projects will be implemented in Prague's hinterland. This will lead to a reduction in the added value of the integrated approach and cause problems with the monitoring and reporting of indicators in projects targeting areas that cross the boundary of the regions. This issue could be solved (or mitigated) for example if: (i) there were no limits on support for operations with regard to the type of region (less/more economically developed regions) within the ITI strategy, (ii) scope was provided within the OP PGP to support the area of Prague as well as its hinterland, or (iii) there were one special OP for ITI activities within which it would be possible to support something beyond the scope of thematic OPs.

The Prague City Hall acts as the holder of the ITI strategy as well as the managing authority of the OP PGP. This caused problems in establishing the implementation structure for OP PGP projects due to the impossibility of signing a delegation contract between the MA and ITI IB in accordance with Czech law, as both bodies are placed in the same organisation. As regards the OP PGP, the exception has been negotiated and the project-selection process will be ensured by the MA itself. The situation would be less complicated if there were the same rules for ERDF and ESF/CS and if the establishment of the ITI IB was not obligatory.

The holder of the strategy has been successful in negotiating the scope of the topics, and all three topics (transportation, environment and regional system of education) have been kept in the final text of the strategy. However, if a subsequent integrated strategy is prepared, the topic of the spatial planning should be considered as a part of such a strategy.

Strategy Fiche – Ústí Nad Labem (Chomutov), Czech Republic

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2022
Is the strategy new?	Existed but substantially adapted
Size of town/city	500,000 – 1,000,000 inhabitants

The agglomeration (conurbation) of Ústí nad Labem and Chomutov includes a belt of cities and towns in the north-western (Czech-German) borderland of the Czech Republic. Ústí nad Labem, Děčín, Teplice, Most and Chomutov are the main cities of the agglomeration. The total population of the region is 520,000 (2014), and the total area is 1542.9 sq. km. The GDP of the Ústí nad Labem self-governing region is CZK 310,000, i.e. €11,190 per capita (38.9 percent of the EU average). The unemployment rate in Ústí nad Labem region is 8.1 percent (86.2 percent of the EU average). The region has experienced structural problems and complicated socio-economic transformation since 1990. It can be described as structurally disadvantaged (due to the previous concentration on heavy industry), and it has been regularly listed among the regions delineated for support from national regional policy programmes.

Targeted areas

The targeted area of the Integrated Strategy of Ústí nad Labem-Chomutov for ITI (hereinafter IS ÚCA ITI) includes five main cities (statutory cities) and their hinterlands. Several indicators were used for the boundary delimitation of the agglomeration. In the first step, the territory was delimited on the basis of population density and intensity of residential suburbanisation. In the second step, municipalities affected by coal mining or heavy industry, and by being located on the main road No. I/13, were added to the delineated territory. The total area of the agglomeration comprises 75 cities, towns and rural municipalities:

- 5 core (statutory) cities of over 49,000 inhabitants;
- 2 secondary centres (Litvínov, Jirkov) with between 20,000 and 49,000 inhabitants;
- 7 towns between 5,000 and 20,000 inhabitants;
- 14 towns and rural municipalities between 2,000 and 5,000 inhabitants; and
- 47 rural municipalities with less than 2,000 inhabitants.

Challenges and objectives

The main challenges in the territory include (i) the transformation of its socio-economic structure (decline of traditional industrial branches, low employment, structural unemployment, pathologic social features), and (ii) the need to solve various environmental problems (air, water and soil pollution, brownfield sites). One of the key principles of the strategy is a thematic concentration with effects on the whole agglomeration. However, the selected challenges have been undermined by the ‘eligible offer’ from national OPs. Correspondingly, the objectives/priorities were identified as follows: (i) transportation accessibility and inner connectivity, (ii) landscape and environment, especially the revitalisation of brownfield sites, (iii) competitive economy based on technologies, knowledge and innovation, and (iv) social cohesion.

As mentioned above, only a part of these developmental weaknesses and problems can be addressed by financial support of ESIF channelled through the IS ÚCA ITI, as the scope of thematic activities designated for ITIs was reduced centrally by the National Coordination Authority in the Ministry of Regional Development (MRD) and by particular steering bodies of operational programmes. The financial framework of ITIs in the Czech Republic was also proposed as more 'top-down' than 'bottom-up'. Therefore, for example, transportation and urban mobility pertain to important objectives of the strategy, even though their significance for the territory is lower than the challenges outlined above. The extent of financial support allocated to the most significant challenges of the territory (environment in particular) is consequently lower than the real needs.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF / CF	1a						7c		9a	10a	
ESF					5i, 5ii		7i, 7ii	8i	9i		

Rationale and added value of the strategy

The main reason why the strategy was designed is that it is a requirement from central level. Another rationale for the strategy is the need for territorial support across the ESIF – that is why not only 'obligatory' CLLD and ITI but also other instruments (i.e. Integrated Territorial Development Plans) of territorial support are implemented. Against the background of these external requirements, political will and the aim of local governments to address local needs represent additional motives to implement the IS ÚCA ITI. The ESIF funding is absolutely crucial for the strategy implementation.

The strategy priorities were selected on the basis of socioeconomic analysis and were also strongly influenced by specific objectives of OPs designated for ITIs in the Czech Republic.

Implementation mechanisms

The implementation mechanism of ITI is used in the IS ÚCA ITI. Five OPs contribute to the implementation of the strategy: Integrated Regional OP (50 percent of total financial support from ESIF), OP Research, Development and Education (13 percent), OP Transport (21 percent), OP Environment (10 percent), and OP Employment (6 percent). ERDF (IROP and OP RDE), ESF (OP Emp) and Cohesion Fund (OP T, OP Env) resources are mobilised in the implementation of the IS ÚCA ITI.

Funding arrangements

Type fund	Name fund	EU contribution
ESIF	ERDF	€ 46.71 million
	ESF	€ 4.16 million
	Cohesion Fund	€ 22.82 million
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	State budget of the Czech Republic	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The municipal authorities of all five main (statutory) cities of the region were authorised by the National Coordination Authority of the Czech Republic to manage the process of drawing up the IS ÚCA ITI. The cities that acted as holders of the strategy comprised: Ústí nad Labem, Děčín, Teplice, Most, and Chomutov. These five cities were responsible for strategy design in the initial phase. During this process, only one entity had to be chosen as a guarantor of the strategy process. Thus, the Statutory City of Ústí nad Labem was chosen to be the holder of the strategy. The Municipal Council of Ústí nad Labem approved the strategy after the strategy design was complete.

Other municipalities in the territory of the agglomeration, as well as relevant public subjects, NGOs, chambers of commerce, the regional university etc., were involved in the process of strategy design. The design of the strategy was partly outsourced – the main document of the strategy was drafted by a consortium of three consultancy companies.

For the key decisions on the strategy, a steering committee was established. The steering committee consisted of regional stakeholders (deputies of municipalities including other towns and rural municipalities, public subjects, NGOs, chambers of commerce, the regional university etc.). The steering committee provided continuity in the processes of strategy design and implementation. The steering committee's meetings took place 3–6 times a year in accordance with the needs of the process.

Each of the four strategy priorities is covered by a working group. Working groups consist of regional stakeholders and external specialists selected on the basis of a stakeholder analysis (an obligatory output of the strategy design). The composition of the working groups was changed slightly as a result of the progress on the thematic focus of the document. For example, an earlier composition of the 'Environment' working group involved persons and subjects from the different spheres of environment, environmental infrastructure and landscape protection; however, after focusing on the only environmental priority (revitalisation of brownfield sites), the number of subjects involved was reduced. The process of strategy design and preparation (from the first meetings till the approval of the strategy by the Ministry of Regional Development) lasted two-and-a-half years. The length of the strategy design phase was a result of both inner and external factors. The wide range of subjects involved and the related necessary administrative steps were the main inner factors making the process cumbersome. The external factors included the complicated methodology being drawn up by the responsible ministry, even during the process of strategy design, and the delayed completion of the national OPs.

Consultation process

The process of strategy design and strategy outputs were both subject to consultation with the Ministry of Regional Development (National Coordination Authority) as well as with the managing authorities and steering bodies of the operational programmes funding the implementation of the IS ÚCA ITI. Consultations within the framework of the MEDUIN

project (methodological project to support preparation of integrated tools) conducted by the Ministry of Regional Development were also used. In addition, the process of strategy design was coordinated with other ITI holders in the Czech Republic (7 agglomerations). These consultations were predominantly informal. A range of consulting meetings with steering bodies and other ITI holders were organised: common meetings, seminars and conferences, informal bilateral consultations, e-mailing etc. The general public was involved in the strategy design process by commenting through the IS ÚCA ITI web page and (principally) through a public discussion in the framework of SEA process. Further, the public is indirectly involved through the deputies of local governments in the steering group and working groups.

Links to domestic pre-existing strategies

The Ústí nad Labem – Chomutov agglomeration had never been institutionalised before the IS ÚCA ITI was designed. Therefore, the IS ÚCA ITI is the first strategy focused on the territory of the agglomeration. Nevertheless, the IS ÚCA ITI is linked to pre-existing regional and local strategies. These links were even obligatorily required by the corresponding guideline and are explicitly described in the strategy document. Thus, the links to pre-existing strategies are mostly formal and technical. The main superior pre-existing strategies that were taken into account include relevant national sector strategies and the Development Programme of Ústí nad Labem self-governing region (regional municipality including the entire territory of the Ústí nad Labem–Chomutov agglomeration). Furthermore, the objectives and priorities of local development strategies, especially of the five largest cities, were taken into consideration.

Measuring the effectiveness and added value of the strategy

The effectiveness and added value of the strategy will be measured primarily by an indicator method. The strategy employs a standard indicator system of ESIF and national OPs. All objectives of the IS ÚCA ITI are associated with at least one output indicator and one result indicator. Common indicators will also be used. The added value of the strategy can also be assessed by a number of projects and by the total financial support for the territory via the IS ÚCA ITI. A measurement of the contribution towards fulfilling the objectives of national and EU policies (apart from indicators mentioned above) has not been planned yet.

Key challenges

The main expected added value of the strategy comprises the following benefits.

Contribution to the solution of environmental, social and economic problems and transport/mobility hindrances in the territory: Realisation of projects should contribute to the revitalisation of brownfield sites, the modernisation of the regional road network and public transport system, the elimination of social problems, the improvement of the education system and welfare services, and to re-starting competitiveness, economic performance and productivity via innovation.

Realisation of systemic projects covering a larger area: Projects including the whole territory of the agglomeration (or most of it) and related spatial synergies are expected. By contrast, a thematic integration of projects is expected only to a limited extent, as individual projects will be supported from one OP and one specific objective of the programme only. Therefore, thematic integration as a key challenge of the ITI will probably only be partly fulfilled.

Broadening the cooperation among the main cities in the territory: Even now, city mayors and councils cooperate not only on the design and implementation of the IS ÚCA ITI but also in other spheres. According to administrative officers of the municipal authorities, cooperation among cities was almost non-existent before the strategy design was started. The frequency of common meetings is distinctively higher and topics such as transport services, education or environment are discussed even beyond the framework of the IS

ÚCA ITI. This benefit might be specific for multi-cored areas such as the Ústí nad Labem–Chomutov agglomeration.

The main challenges within the strategy design can be summarised as the interconnection of regional problems and needs on the one hand and the framework of the ITI instrument in the Czech Republic on the other hand. Therefore, the thematic focus of the strategy and the initialisation of regional cooperation are the results of both aspects.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The overall coordinating role for integrated territorial instruments is the responsibility of the MRD, which is the managing authority for one of the OPs that funds the ITIs, and also four other national ministries that have roles as managing authorities.

The principal coordinator is in charge of setting methodological guidelines and of the central electronic monitoring system as the key tool for monitoring and of the overall coordination. The monitoring committees of the contributing OPs (i.e. MAs) approve the final version of the strategy and the appraisal criteria, and the MA conducts part of the appraisal process and verifies the project selection process. In the case of ESF projects, the MA or its intermediate body conducts the entire appraisal process.

In brief, responsibilities delegated by the MAs to the city authority include the provision of information to beneficiaries, the assessment of projects' compliance with the IS ÚCA ITI, the setting of appraisal criteria, the preparation and launch of calls by the ITI holder, formal and partly factual appraisal of ERDF projects (ESF and CF proposals are appraised directly by the relevant MAs or their intermediate bodies), and monitoring and evaluative duties. Importantly, however, the respective MAs (i.e. monitoring committees) have the final word on projects selected for funding, and therefore MAs and their intermediate bodies verify the acceptability of project applications and issue final appraisal statements as a basis for particular MAs to conduct a final factual assessment. Also, the MAs have the responsibility to approve suggested appraisal criteria.

As five cities were authorised by the National Coordination Authority to design the strategy, and only one intermediate body is allowed to manage the implementation of the ITI, two implementation models were considered at the very beginning: (i) a municipality union (a traditional legal form of cooperation among municipalities at the local level in the Czech Republic) formed by the five largest cities as the holder of the strategy; and (ii) one of the five cities acting as the holder of the strategy.

In the final decision, the opinions of the National Coordination Authority at the MRD as well as the European Commission were taken into account. Both institutions recommended choosing the single-city option to manage the implementation of the IS ÚCA ITI. Consequently, the Municipal Authority of Ústí nad Labem City, representing the largest city in the region and in a central location within the region, was chosen to be the holder of IS ÚCA ITI. The Municipal Authority of Ústí nad Labem City as the holder of IS ÚCA ITI is responsible for the implementation of the strategy, the achievement of the IS ÚCA ITI objectives, the communication with central bodies, the selection of projects, and other processes related to monitoring or evaluation. A special department was established in the Municipal Authority of Ústí nad Labem City to guarantee all these activities and operations. The staff of this department is financed mainly by the OP Technical Assistance (as well as analogous structures in other ITI agglomerations in the Czech Republic) and co-financed by the budget of Ústí nad Labem City. For OPs financed by the ERDF, an intermediate body had to be established within the Municipal Authority of Ústí nad Labem City (i.e. a special department within the municipality), whereas projects funded by the CF and ESF are processed directly by the respective managing authority. Changes to the strategy before its approval by the Ministry of Regional Development (the prime coordinator of ITI) and the respective MAs were approved by the Municipal Government of Ústí nad Labem.

The municipal authorities of the other four cities work as territorial coordinators communicating with applicants and recipients and contributing to finance the IS ÚCA ITI staff. Changes to the strategy approved by the Municipal Government of Ústí nad Labem have been subsequently taken into account by the municipal governments of the other four cities.

The key decisions on the strategy are carried out by the steering committee (the composition of which is described in Section 2.1). The steering committee's meetings are planned to take place 2–3 times a year, in accordance with the needs of the process.

Each of four strategy priorities is covered by a working group (the composition of which is described in Section 2.1). The main responsibility of working groups is the continuous monitoring of absorption capacity for particular themes. Project intentions are registered by the relevant working group and recommended for submission or rejection. Recommended projects are approved by the steering group, and the project applicant can submit a project application to the corresponding OP (continual calls for submission of project applications). The Municipal Authority of Ústí nad Labem City administers a contact list of possible applicants. This list includes, for example, all municipalities, the main NGOs, and other important regional subjects.

Special implementation arrangements

The entire implementation of the strategy (as well as of other ITI strategies in the Czech Republic) is based on financial support via non-repayable grants. Financial instruments are not used in any part of the strategy implementation arrangements. Community-Led Local Development (CLLD) is not used as a part of the IS ÚCA ITI. CLLD and ITI, as the main instruments of the territorial dimension of ESIF support, coexist in the territory without any formal interlinks. CLLD strategies in the territory of agglomeration were designed independently of the IS ÚCA ITI for the rural context only and operate their own implementation mechanisms. No extra added value is perceived in the execution of the multi-fund approach, mainly due to the limited scope of eligible themes within the ITI tool in the Czech Republic.

Implementation progress

The implementation process started in October 2016 after the final approval of the IS ÚCA ITI by the Ministry of Regional Development. Thus, the first calls for proposals announced by the Municipal Authority of Ústí nad Labem were expected at the end of 2016, while continuous calls for proposals from OPs were announced from an earlier date.

Evaluation

No evaluations of the strategy design and implementation have been carried out yet, with the exception of an internal ex-ante evaluation of the strategy undertaken by the Ministry of Regional Development within the process of strategy approval. The results of this evaluation have not been published; however, the main conclusions were provided and the holder reflected the findings in the final version of the strategy. The mid-term evaluation of the IS ÚCA ITI is scheduled for 2018 and will be managed by the National Coordination Authority, independent of any operational programmes.

2.3 GOOD PRACTICE AND LESSONS LEARNED

In general, the initial idea of ITI is quite different from its real manifestation in Ústí nad Labem region. Unfortunately, a majority of the elements of the IS ÚCA ITI have not performed as well as expected. The key problems are described above; the lessons learnt are outlined below.

The principal idea of integrated territorial development seems to be reasonable. ITI could be a convenient instrument of Cohesion policy, but ITI would have to be assigned an adequate budget and the strategy priorities would be strictly selected in a bottom-up process. (Concrete hindrances and deficiencies are described above.)

ITI could generate systemic and integrated projects, e.g. systematic planning of welfare services and social housing, a public transport system, public security and crime prevention, or revitalisation of brownfield sites. However, it requires adequate financial resources, long-term planning (longer than one programming period of ESIF), and a corresponding coordination from the central level.

ITI could stimulate and deepen partnership among involved municipalities. In the case of the IS ÚCA ITI, the coordination meetings of city mayors held during the design process became a platform for the debate of issues beyond the scope of ITI. Similarly, cooperation between the largest cities/agglomerations in the Czech Republic has been significantly broadened, and it also extends beyond the frame of ITIs.

Rationale and added value of the strategy

The objectives of the competitive RegioWIN procedure were to identify functional urban regions (stretching across formal administrative boundaries), innovative strategies that address particular problems in these regions (complimenting the top-down and more generic federal state's innovation and industry policies), and partners willing to engage in these strategies on a voluntary basis (complementing the engagement of formal authorities in domestic funding mechanisms). The NIO strategy was selected on the ground of an exemplary response to these RegioWIN objectives.

Implementation mechanisms

NIO lighthouse projects were initially intended to be implemented through Integrated Territorial Investment (ITI). The selection of this instrument was the result of ERDF regulation, concerning the amount of funds and thematic concentration of territorial strategies. During the negotiation on the Baden-Württemberg ERDF OP, it was decided to carry out ITI outside Article 7. The most important implication of this status is that there are no intermediate bodies but instead lead partners in ITIs. At a later stage (March 2017) it was found that the Baden-Württemberg ITI did not fulfil the minimum requirement of combining at least two priority axes and is therefore formally no longer considered as an ITI strategy. It should now be considered an ITI-like approach.

Funding arrangements

Approximately 30 percent (€68 million) of the Baden-Württemberg ERDF funding was allocated through the RegioWIN process. Eighty percent of this funding was earmarked for strengthening research, technological development and innovation (thematic objective 1); 20 percent for supporting a shift towards a low-carbon economy (thematic objective 4). ERDF grants cover up to 50 percent of project costs; national grants cover a maximum of 20 percent. The initial NIO strategy suggested five projects, projected to use a total of €32 million of ERDF funds. ERDF funds were allocated to two of these projects. According to the NIO strategy proposal, published in 2014, funding for projects amounts to €7.5 million. However, this was still under negotiation in December 2016.

Type fund	Name fund	Amount
ESIF	ERDF	€ 7.5 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	Max. 20%
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

Territorial strategies and projects that are part of the Baden-Württemberg ERDF OP were selected during the RegioWIN competitive procedure. The competition was prepared by a consortium of federal state ministries: the Baden-Württemberg Ministry for Rural Areas and Consumer Protection (MA of the ERDF OP), the Ministry of Finance and Economic Affairs, and the Ministry for Science, Research and the Arts. Important objectives of the RegioWIN process were to identify functional urban regions in the overall polycentric structure of the federal state's territory, to bring to the foreground projects that enhance innovation in particular areas (smart specialisation through taking into account locational factors), and to identify actors who are willing to engage in these projects. Before the competition started in February 2013, guiding principles, derived from the priorities of the ERDF OP, were communicated during several events in regions. The competition comprised two stages. During the first stage, regional actors (partnerships among cities and districts on intra-federal, inter-federal and transnational levels) defined functional spaces within their territories and developed so-called 'Regional strategy concepts' (*Regionale Strategiekonzepte*, RSK). Proposals were judged by an independent jury consisting of representatives of involved ministries, the German district council (*Deutscher Landkreistag*, DLT) and (international) experts (January 2014). During the second competition stage, regional actors developed the selected 11 RSKs further into operational 'Regional development concepts' (*Regionale Entwicklungskonzepte*, REK). REKs and project proposals were once more assessed by the jury in January 2015, resulting in a choice of 21 lighthouse projects eligible for ERDF funding.

The Ostalb district's entry to the RegioWIN competition focused on developing the district's endogenous human capital. It followed three guiding principles (*Leitideen*): (i) maintain and develop the regional knowledge base by activating and qualifying endogenous human capital and by integrating exogenous specialists; (ii) strengthen the capacity to innovate and increase the number of knowledge-intensive foundations for the development of core competencies as well as the development of new technology and service fields; and (iii) increase energy and resource efficiency by integrating endogenous potentials. The NIO REK formulated four lighthouse projects and one key project on these grounds (RegioWIN competition guidelines distinguished between lighthouse and key projects, reflecting immediate impact in respect to ERDF OP priorities and more comprehensive long-term/regional impact). The most important actor in instigating the NIO strategy design was the Ostalb district government. Migration had been counteracted by policies in the Ostalb district before the NIO strategy design. The Ostalb district had previously commissioned research into migration patterns in the region, and the outcomes of the analyses provided important criteria for the NIO strategy design. The district had implemented ERDF-funded projects during earlier funding periods, and consequently actors and advisory boards with an expertise in funding mechanisms were already known and in place (for information on dedicated NIO consultation processes, see below).

The NIO territorial strategy was selected to become a part of the Baden-Württemberg ERDF OP. As noted above, the NIO REK introduced five projects. The NIO steering group formulated a priority ranking of projects, based on their contribution to NIO objectives, ERDF priorities and collaboration in projects, as required by the RegioWIN competition guidelines. After the selection of the NIO REK as a winning RegioWIN entry, the MA of the Baden-Württemberg ERDF OP assessed the proposed projects on their eligibility for funding mechanisms. Three projects were earmarked as eligible for domestic funding; two were selected to be eligible for ERDF funding. The ERDF-funded NIO projects are (i) the Sustainable Technology Centre (Zentrum Technik für Nachhaltigkeit, ZTN) and (ii) the European Academy for Education and Transfer of Young Adults (Europäische Ausbildungs-

und Transferakademie für junge Erwachsene, EATA). ZTN focuses on the transfer of technology know-how concerning resource conservation, the environment and CO2 reduction in the Ostalb district. The EATA focuses on vocational education. It seeks to attract young adults from EU member states that have a high rate of youth unemployment to educational programmes that respond to the demands of businesses in the region.

Consultation process

An important objective of the RegioWIN process was to identify projects that enhance economic specialisation in regions. Objectives of earlier Baden-Württemberg ERDF OPs were similar, but the selection procedures were different. The 2006-13 EULE lighthouse project programme (EU-Leuchtturmprojekt) utilised a competitive procedure that prescribed targeted areas of territorial strategies in a funding coulisse, pre-defined problems (through distinct statistical data, for instance), and expressed a preference for actors involved in projects (communal actors and businesses). The RegioWIN call provided more room for interpretation. It asked decentralised governments to define regions, particular problems and involved actors themselves. To respond to these guidelines, the design of the NIO strategy followed an intensive consultation process. The process was initiated by the Ostalb district government and guided by a so-called NIO steering group, consisting of representatives of the district, municipalities, high schools and business sectors. During the competition stages, the group met roughly every two months. It organised a broad array of information events, discussions and conferences, concerning sub-district development and specific topics (e.g. energy, health, and youth). After the conclusion of the competition, more than 900 actors and stakeholders were involved in the NIO strategy design, directly or indirectly via interviews and questionnaires. The consultation process led to the identification of new and dedicated actors and new focus groups (e.g. young women who, as research has shown, provide substantial labour force potential but tend to migrate out of the region). New spatial developments gained attention (e.g. development due to movement of military forces out of the region). Most importantly, it led to broadly shared consent among local actors on the NIO strategy.

Links to domestic pre-existing strategies

The 2014-20 Baden-Württemberg ERDF OP is strongly informed by the federal state's sustainability, innovation and industry policies. As with these policies, the Baden-Württemberg ERDF OP focuses on selected growth fields (the development of environmental technologies specifically), on cooperation between policy, science, industry, and further intermediate actors, and on innovation processes from basic to applied research and technology transfer, giving higher scientific and vocational education a specific role therein. The RegioWIN competition was designed to complement the federal state's generally applicable policies with an approach that identifies particular problems in regions and actors that are dedicated to resolving them (smart specialisation).

The design of the RegioWIN procedure was informed through the earlier engagement of the federal state in EU funding programmes. An important forerunner of RegioWIN was the 2007-13 Baden-Württemberg EULE programme. Lessons learned from EULE were considered in the design of RegioWIN. The design of the RegioWIN process was also influenced by the long-standing involvement of the federal state in the EAFRD-funded LEADER programmes (Liaison Entre Actions de Développement de l'Économie Rurale). LEADER encourages the involvement of local actors in territorial strategies traditionally. Experience has inspired RegioWIN guidelines. The RegioWIN procedure was also shaped by domestic funding mechanisms. The competition was designed to complement these mechanisms, a traditional focus of German national funding programmes for urban development (Deutsche Städtebauförderung) on investment into public spaces specifically. The Ostalb district participated in earlier ERDF and LEADER programmes. Experience gained and results achieved were seen to be important assets in the NIO strategy design, as mentioned above.

Measuring the effectiveness and added value of the strategy

The effectiveness and added value of ERDF-funded NIO lighthouse projects were measured at the levels of the Baden-Württemberg ERDF OP and the NIO strategy. Priority 1 indicators of the Baden-Württemberg ERDF OP relate to research and innovation infrastructure, R&D performance, support for competence centres, research and innovation capacities, high-tech foundations, technology leadership and co-operation of enterprises. Priority 4 indicators relate to resource-conserving technologies, products and processes and utilisation of energy-efficiency potentials.

Next to fulfilling these criteria, the framework requires lighthouse projects to be highly visible and exemplary development models. Objectives and indicators in the NIO strategy refer to most of the indicators in the ERDF OP performance framework. Refined NIO Priority 1 indicators include the creation of jobs for women and an increased rate of female employment, the provision of advanced professional training, the development of concepts for integrated health promotion in companies, the provision of spaces for research and education in the fields of lightweight construction and health management, and the attraction of expert staff with a migration background. Priority 4 indicators show a focus on an increased awareness for resource and energy efficiency in companies. RegioWIN guidelines required a continuous and transparent assessment of project proposals against ERDF OP and NIO strategy objectives.

Key challenges

The objectives in the design of the Baden-Württemberg ERDF OP/the RegioWIN procedure were (i) to reach local actors that could contribute to the formulation of innovative territorial strategies (private and civil organisations specifically), (ii) to tackle uncertainties concerning upcoming regulation during early OP design stages (concerning the involvement of non-governmental actors specifically), and (iii) to avoid administrative burdens. The interviewee at MA level expressed great satisfaction with the choice for the competitive RegioWIN approach in meeting these challenges. It is seen to have facilitated the two core objectives of territorial approaches under the Baden-Württemberg ERDF OP: to identify innovative strategies on the grounds of particular conditions in regions and to identify governance arrangements that voluntarily participate in these strategies. Regular contact has accelerated the NIO strategy design. The greater importance given to the detailed knowledge that local actors have and the possibility to formulate strategies on these grounds was seen as advancement in comparison with earlier Baden-Württemberg ERDF OPs.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The implementation of ERDF-funded NIO projects involves several organisations, with a dedication to (i) NIO strategy development, (ii) the building of NIO infrastructures, and (iii) the provision of NIO services. The most important organisation in strategy development is the NIO lead partner, the Ostalb district government (Baden-Württemberg ITIs have no IBs but instead have lead partners, due to their exceptional legal status; for further explanation, see below). The Ostalb district government is responsible for the alignment of project development with the strategic aims of different funding programmes, among them the Baden-Württemberg ERDF OP. Assistance is also provided by the NIO steering group, which develops implementation proposals, e.g. concerning the coupling of funding mechanisms for NIO projects.

NIO projects concern the building of public research and development infrastructures. The new EATA building is co-funded by ERDF; the municipality of Ellwangen and the federal state of Baden-Württemberg participate. The ZTN has a similar group of public bodies

engaged in building tasks. NIO projects concern public building as well as public research and development services. The most important organisations in the provision of services are non-profit limited companies (gGmbHs). To institutionalise the co-operation around services that emerged during the NIO strategy design, the NIO steering group first proposed to consolidate it in the form of NIO strategic partnerships. Partnerships were intended to integrate actors in all NIO services. Both ERDF-funded NIO projects are embedded in larger and more complex development tasks. The EATA will be accommodated on former military terrain in the municipality of Ellwangen. A range of other funding bodies are involved in the regeneration of the site.

Although less frequent, regular meetings of the steering group with the MA of the Baden-Württemberg ERDF OP took place in 2015 and 2016. The MA requested and approved an alignment of selected ERDF-funded NIO projects with its ERDF OP and a feasibility study of projects (see also below, under evaluation). Over the period, it advised on and approved decisions concerning the coupling of funding mechanisms in the NIO strategy, from different EU funding mechanisms specifically. More broadly, the MA is engaged in the institutionalisation of organisational networks that emerged during the RegioWIN competition. Networks are sustained through twice-a-year meetings among all actors engaged in RegioWIN (independently from rewards). The RegioWIN network is represented in a commission that advises on the implementation of the Baden-Württemberg ERDF OP (ERDF Begleitausschuss).

Special implementation arrangements

ITI: Lighthouse projects that are part of the Baden-Württemberg ERDF OP are implemented through ITI. In Baden-Württemberg, the definition of territorial strategies was established at an early stage. Lead partners in strategies were already identified when there were still uncertainties about the formal requirements of ITI applications, concerning the end-responsibilities of intermediate bodies specifically. For this reason, an exception to the rules was accepted: Baden-Württemberg ITI applications were placed outside Article 7; strategies are not required to have an intermediate body. This exception allowed the retention of already identified strategy lead partnerships (often including private and civil organisations). It was appreciated by the MA of the Baden-Württemberg ERDF OP and actors in the regions. An application of the ITI instrument within Article 7 would have required the setting-up of new organisational structures and a loss of already acquired organisational capacities for strategies. The interviewee at MA level noted that ITI application outside Article 7 has enhanced a broad and voluntary engagement of actors.

Cross-funding: Territorial strategies that are part of the 2014-20 Baden-Württemberg ERDF OP are ERDF-funded only. The decision not to use cross-funding was instigated by the expected administrative burdens from using several funds within one programme. As noted above, there is an intense coupling of funding mechanisms in Ostalb district spatial developments. Developments make use of domestic and also different EU funding sources (e.g. ERDF and EAFRD funds). However, different EU funds are gained via separate EU programme funding applications. The dedicated ERDF commission (ERDF Begleitausschuss) coordinates funding on the level of OPs.

ESF and CLLD: Territorial strategies of the 2014-20 Baden-Württemberg ERDF OP use no ESF funds. The interviewee at the MA of the ERDF OP noted that ESF funds were not used because the scope of these funds (employment) diverges from Baden-Württemberg ERDF territorial strategy objectives. Sustaining existing organisational structures was another reason for not using ESF funds. In the EAFRD-funded LEADER programmes, a regionalisation of ESF funds has taken place in Baden-Württemberg; it led to the formation of dedicated LEADER action groups. There was a wish to sustain these groups and not to challenge them through competitive claims. LEADER action groups use a CLLD approach.

Implementation progress

The formulation of territorial strategies as part of the Baden-Württemberg ERDF OP started early. The NIO strategy, including the selection of projects eligible for ERDF finance, was approved in January 2015. In December 2016, funding for one of the two projects selected to be eligible for ERDF was fully approved.

Evaluation

After having been selected to be eligible for ERDF funding, NIO project proposals were tested for their financial viability, on behalf of the MA of the Baden-Württemberg ERDF OP. A business case and financing model was developed per project. In addition, projects were once more assessed for their compliance with REK guidelines and ERDF funding requirements, to underpin their relevance for the 2014-20 Baden-Württemberg ERDF OP. As a result, the evaluation of projects against ERDF guidelines involves a highly detailed set of project-related output indicators.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The interviewee involved in the design and implementation of the Baden-Württemberg ERDF OP and the RegioWIN competition mentioned the following:

- Avoid uncertainties concerning regulation during early design stages.
- Avoid administrative burdens through intermediate bodies.
- Encourage approaches that are complementary to national funding mechanisms.
- Allow for more involvement of non-governmental actors to encourage innovative approaches.
- Consider the LEADER programme as an inspiration for territorial approaches.
- Foster competitive approaches to the selection of strategies and projects.
- Consider experience in regions gained during earlier funding periods and provide scope to continue strategies.

The interviewee involved in the design and implementation of the NIO strategy mentioned the following good practices and lessons learned:

- Sustain the possibility to define territories and strategies on the level of specific regions. Freedom in the interpretation of the operational programme has helped to address the distinct problems of the Ostalb district and has enhanced participation.
- Enhance cooperation between the MA and local authorities; continuous discussion with the dedicated MA team has enhanced the NIO strategy.
- Allow for continuity in the formation of territorial strategies.
- The Ostalb district implemented ERDF-funded projects during earlier funding periods, resulting in well-established contacts among levels of government, private and civil actors.
- The Ostalb district is member the EUROPE DIRECT-Network; it runs one of the 55 German EUROPoints, services that inform inhabitants, businesses, public administrations and other organisations about EU initiatives. The service eased the information requirements and identification of participants for events.
- Another important asset in the strategy design was the regular exchange among the NIO steering group and the ministries involved in RegioWIN (including the MA of the ERDF OP).

Strategy fiche – Berlin, Germany

1. KEY CHARACTERISTICS OF THE STRATEGY

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2020
Is the strategy new?	New (Priority 4 of Operational Programme)
Size of town/city	1,000,000 - 5,000,000 inhabitants

Characteristics of city/ region

Berlin is the capital of the Federal Republic of Germany. With roughly 3.5 million inhabitants, it is the largest German city. In 2015, the city's nominal GDP totalled €125 billion. Berlin is a federal city-state; the administrative boundaries of the state and the municipality of Berlin match. The Berlin Senate (*Senat von Berlin*) is the city's sole executive body. Berlin is divided into 12 districts (*Bezirke*) and 96 sub-districts (*Stadtteile*). Sub-districts have a purely administrative function.

Targeted areas

The Berlin ERDF OP incorporates two programmes for the application of territorial strategies supported by EU territorial tools under Article 7, notably (i) the Future Initiative City Districts II programme (*Zukunftsinitiative Stadtteile II, ZIS II*) and (ii) the Berlin Programme for Sustainable Development (*Programm für nachhaltige Entwicklung, BENE*). Strategies address development in five so-called 'action spaces' (*Aktionsräume*), areas that are characterised by a coupling of multiple socio-economic and environmental problems (*überlagernde Problemlagen*). Action spaces cover several Berlin sub-districts. Using three-quarters of the ERDF funds allocated to SUD, the ZIS II programme is the most important Berlin ERDF-funded territorial strategy. The ZIS II ERDF Funding Coullisse identifies 47 smaller targeted areas, largely within action spaces. These comprise 37 so-called 'quarters' (*Quartiere*) and 10 so-called 'urban reconstruction areas' (*Stadtumbaugebiete*).

Challenges and objectives

The ZIS II programme is designed to counteract socio-economic segregation among Berlin neighbourhoods. It focuses on the physical and socio-economic regeneration of deprived Berlin neighbourhood communities (thematic objective 9(b) of the ERDF regulation) and on improved environmental conditions in areas (thematic objective 6(e) of the ERDF regulation). More operational goals include the provision of education and schooling for disadvantaged inhabitants, an improvement of local public spaces, and the participation of local actors in the renewal and vitalisation of neighbourhoods.

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF						6e			9b		

Rationale and added value of the strategy

An important rationale of the ZIS II territorial strategy is to provide funding for small-scale socio-integrative measures in neighbourhoods. Another rationale is the bundling of funds from domestic and ERDF sources. A concentration of resources is associated with their effective use in areas that are in specific need of improvement. The ZIS II programme is a continuation of territorial strategies that were developed during earlier ERDF funding periods, the 2007-13 ZIS strategy specifically. Guaranteeing continuity has been an important consideration in the design of ZIS II.

Implementation mechanisms

The combination of funding under the umbrella of ZIS II is reflected in complex funding mechanisms, making use of a multitude of development concepts, targeted areas and ZIS II sub-programmes. Funds are distributed through competitive procedures. Allocation is regulated by the Administrative Regulation ZIS II ERDF 2014 (*Verwaltungsvorschrift Zukunftsinitiative Stadtteil II EFRE, VV ZIS II EFRE 2014*) that combines ERDF and domestic funding regulation. Funding procedures know a dedicated organisational structure. A dedicated index is developed to complement ERDF evaluation. No FI, ITI and CLLD arrangements are applied.

Funding arrangements

Measures for SUD are projected to consume 19 percent of overall Berlin ERDF funds. The ZIS II programme will use 75 percent of these (25 percent are allocated to BENE). The ZIS II programme uses ERDF funds only. ERDF funds cover a maximum of 50 percent of project costs; national funds a maximum of 33 percent. The importance of ERDF funds in ZIS II sub-programmes differs. Some sub-programmes rely mainly on ERDF grants; some rely on a combination of domestic and ERDF funds.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	75% of € 115 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Soziale Stadt, Stadtumbau Ost und West	Max. 33%
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Used	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The 2014-20 Berlin EFRE OP (*Senatsverwaltung für Wirtschaft Technologie und Forschung Berlin*, 2014) introduces two programmes that apply territorial strategies supported by EU territorial tools under Article 7, notably the ZIS II and the BENE programmes. Both programmes are developed along the priority axes of the Berlin ERDF OP and thus address ERDF priorities in an integral way. BENE emphasises environmental sustainability (Priority 6e), and ZIS II emphasises social inclusion (Priority 9b). ERDF-funded territorial strategies complement the 2014-20 Berlin ESF OP (*Senatsverwaltung für Wirtschaft, Energie und Betriebe*, 2014), which seeks to stimulate employment and entrepreneurship across Berlin.

Under the ZIS II programme, a broad variety of measures are eligible for ERDF funding under Priority 9(b). Measures include the provision of education and schooling for disadvantaged inhabitants (including the building of required infrastructure) and the improvement of local spatial quality (local public green spaces specifically). The variety of eligible measures was made possible during early negotiations between the Berlin Senate Department for Economics, Technology and Research (*Senatsverwaltung für Wirtschaft, Technologie und Forschung*, MA of the Berlin ERDF OP), and the European Commission. A broad interpretation of Priority 9(b) was agreed upon, to avoid administrative burdens from cross-funding and consideration of additional priorities. The 2014-20 ZIS II programme is a prolongation of the ERDF-funded 2007-13 ZIS programme. Agreement was motivated by a desire to sustain this programme. Another rationale of the ZIS II programme design was a combination of domestic and ERDF funding streams in the development of targeted areas.

The most important organisation in the design of Berlin ERDF-funded territorial strategies was the intermediate body (IB) of ZIS II, the Senate Department for Urban Development and the Environment (*Senatsverwaltung für Stadtentwicklung und Umwelt*, SenStadtUm). It identified action spaces through its monitoring of 'Social urban development 2008 and 2009' and an environmental assessment of more than 400 Berlin neighbourhoods. It also acted as a commissioner of planning guidance in action spaces. However, most design decisions on ZIS II were taken during the 2007-13 period under its previous iteration. The MA of the Berlin ERDF OP took up a formal, distant role in the design process of the ZIS II strategy. The Berlin Senate is the city's sole executive body. Devolution of responsibilities is supported by sectoral departments that share a concern about one region, closely co-operate and are familiar with each other.

Consultation process

To prepare the inclusion of the ZIS II programme in the Berlin ERDF OP, the MA of the ERDF OP facilitated a consultation process on the ZIS II programme in 2012. Consultation took the form of so-called expert talks (*Fachgespräche*). Involved actors, in addition to the MA, comprised the Senate Department for Urban Development and the Environment, and representatives of Berlin districts (*Bezirksbegleitausschüsse*) and of cultural and economic sectors. A result of consultation was an approval of the focus of ZIS II on education and schooling. No additional consultation on the overall ZIS II territorial approach took place.

Links to domestic pre-existing strategies

The federal city-state Berlin has a long tradition of developing EU-funded territorial approaches to social inclusion in neighbourhoods; it used these approaches already under the European Community Initiative URBAN. A combination of ERDF and Social City funding

(*Städtebauförderung Soziale Stadt*) in ZIS II is perceived to be a logical result of their common root in URBAN. Experience, pre-existing contacts and available planning guidance were seen to have been important assets in the ZIS II strategy design. ZIS and ZIS II were portrayed as an adaptive approach that carefully considers and facilitates slow, incremental changes in neighbourhoods. Experience and prior knowledge were also seen to have been important assets during early negotiation on ZIS II with the European Commission. Decision-making was speeded up on the grounds of earlier experience.

However, ZIS II not only extends ZIS but is also a revision. The ZIS programme funded projects in four so-called 'fields of action' (*Handlungsfelder*), notably (i) education, youth and schooling, (ii) employment and economic development, (iii) culture, community, integration and health, and (iv) quarters and public space. Earlier independent sub-programmes have been combined under the roof of the ZIS II programme, to avoid a necessity for additional intermediate bodies.

The ZIS II programme is strongly embedded in domestic strategies, domestic funding mechanisms specifically. Relevant funds are the national Social City funding programme and the 'Urban Reconstruction East and West funding programme' (*Stadtumbau Ost und West*). ZIS II is a building block of the 'Berlin strategy – urban development concept Berlin 2030' (*Berlin Strategie- Stadtentwicklungskonzept Berlin 2030*), the long-term spatial plan by the Senate Department for Urban Development and the Environment.

Measuring the effectiveness and added value of the strategy

The 2014-20 Berlin ERDF OP indicators to measure the effectiveness and added value of ZIS II are rough quantitative expressions of desirable change (e.g. the amount of people in areas that are affected by strategies, the number of beneficiaries of ZIS II projects, square meters of new buildings and green spaces). The ZIS II territorial strategy sets out a large number of small-scale targeted areas. The most important instrument in safeguarding the effectiveness and added value of funded projects in these areas is highly detailed planning guidance, embodied in development concepts. ZIS II utilises three types of these concepts, notably (i) integrated urban development concepts (*integrierte Stadtentwicklungskonzepte*, INSEK), (ii) integrated action concepts (*integrierte Handlungskonzepte*, IHEK), and (iii) integrated urban design concepts (*integrierte städtebauliche Entwicklungskonzepte*, ISEK). INSEK concepts set out strategic aims for the development of the larger action spaces of the Berlin ERDF OP. IHEK concepts focus on an improvement of the social environment in particular 'quarters'. ISEK concepts focus on a more structural improvement of the built environment in 'urban reconstruction areas'. The multiplicity of ZIS II concepts stems from domestic funding regulation. Overall, development concepts set out detailed planning guidance that links the performance of small-scale interventions in targeted areas to outline indicators of the ZIS II programme, while simultaneously considering funding regulations of several funding programmes.

Key challenges

A number of key challenges in the ZIS II strategy design process were mentioned during interviews. Challenges were associated with the priority axes approach. In Berlin, experience with integrated territorial strategies has accumulated over years. Interviewees noted that an alignment of proved-and-tested strategies with the priority axes approach has caused (unnecessary) complication during the ZIS II design stage. The required consideration of multiple priorities has led to a rather 'rhetorical' consideration of some of them. The finally agreed broad interpretation of Priority 9(b) was highly appreciated in this context. Another challenge was to combine desired funding for small-scale interventions with new regulation. An important added value of ERDF funding is seen in the possibility it provides for addressing a 'socio-integrative financing gap': funding for small-scale and socio-integrative measures that lack other financing models/mechanisms. Interviewees

found it challenging to sustain a focus on these measures, against the background of required administration as well as reduced funding.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The traditional use of territorial approaches to social inclusion in neighbourhoods, the continuity of the ZIS (and URBAN) approach, its city-wide application and a comprehensive use of funds from different sources has led to the emergence of an extensive institutional architecture that is dedicated to the funding of territorial approaches in Berlin. The most important organisation is the Unit 'Social City, Urban Reconstruction and Future Initiative city districts' (Referat IV B – Soziale Stadt, Stadtumbau und Zukunftsinitiative Stadtteil). The unit is part of the Berlin Senate Department for Urban Development and the Environment (IB of the ZIS II strategy). It organises competitions and consultation processes concerning the distribution of funding. It is responsible for monitoring and evaluation of funding procedures and for the adaptation of planning guidance in cases of new development. For the latter purpose, it organises continuous exchange among actors in ZIS II sub-programmes (see below), among Berlin central and decentralised funding bodies and among Senate departments. The unit is also responsible for the alignment of the ZIS II and BENE programmes with the ERDF priority axes of the Berlin ERDF OP.

The MA of the Berlin ERDF OP is engaged in defining the long-term strategic development of the ZIS II programme. It organises advisory boards (Begleitausschüsse), including actors in Berlin-wide development, representatives of business sectors and trade organisations for instance. However, the MA takes a remote role in the operation of the ZIS II programme. Social City funding requires intense participation of local actors throughout funding procedures. Participation has been implemented at the district level since 1999, through so-called 'Quarter management' (Quartiersmanagement). Quarter management organisations involve neighbourhood actors in funding applications. They seek to mobilise personal and financial engagement in projects through approaching local partners proactively. They establish councils and expert groups that participate in the judgement of project proposals. To reach stakeholders, they run local neighbourhood offices as contact points (Vor-Ort-Büros).

ZIS II-funded projects are identified through yearly competitive procedures. A 'ZIS II Programme Service' (Programmdienstleister (PDL) der Zukunftsinitiative Stadtteil II) assists in their management.

The three most important ZIS-II ERDF-funded sub-programmes differ in terms of their co-funding mechanisms, scope, the importance of ERDF funding and required participation in funding applications. Under the sub-programme 'Urban Reconstruction' (Stadtumbau), a coupling of funds from ERDF and the national Urban Reconstruction East and West funding programme sources is made possible. It supports large-scale urban renewal projects; public authorities are required to be a partner in funding applications. Under the sub-programme 'Social City' (Soziale Stadt), a coupling of funds from ERDF and national Social City funding programme sources is made possible. It provides funding for social integration in neighbourhoods. It has four subordinate funding mechanisms. Two of these mechanisms are designed to channel ERDF funds towards more costly building projects and projects that concern the more structural embedding of quarters in larger areas; both require the participation of public authorities at district level in funding applications. Under the sub-programme 'Education in the quarter' (Bildung im Quartier, BIQ) fall projects that require no co-funding from domestic funding programmes. Projects focus on social integration, education and learning more broadly. BIQ allows for the funding of small-scale socio-integrative measures in neighbourhoods; participation of public authorities is not required. The distribution of ERDF funds in ZIS II is regulated through the comprehensive Administrative regulation ZIS II ERDF 2014 (Verwaltungsvorschrift Zukunftsinitiative

Stadtteil II EFRE, VV ZIS II EFRE 2014). This regulation combines ERDF rules with regulation/law concerning national funding mechanisms.

Special implementation arrangements

Berlin territorial strategies supported by EU territorial tools under Article 7 have no special implementation arrangements (FI, ITI, and CLLD). Interviewees appreciated new instruments principally. However, uncertainty about the extra administrative loads that they may cause discouraged use during the early stages of the funding period. The CLLD tool gained specific consideration in Berlin, in the light of an intense engagement of local actors in territorial strategies. Interviewees noted that a community-led development approach is deeply embedded in the ZIS II strategy. However, the involvement of local actors is guaranteed by domestic funding regulation. In addition there were concerns about obligatory administration in CLLD, specifically about the allocation of end-responsibilities.

The OP includes explicit argumentation on why no ESF funds are used in territorial strategies supported by EU territorial tools under Article 7. It is argued that territorial strategies (aiming at area-related social integration, education and learning specifically) create the prerequisites for ESF funding (aiming at reintegration of inhabitants into the labour market), in a staged approach. Delimitation among ERDF and ESF funding is ensured during project selection.

Implementation progress

The ZIS II programme is a prolongation of the ZIS programme, developed during the 2007-13 ERDF funding period, as mentioned above. Continuity is reflected in the selection of focus areas. Of the 37 ZIS II 'quarters', only four are new. Of the 10 'urban reconstruction areas', only one is an addition to ZIS. Minor changes in planning guidance and abundant references to a large amount of small-scale projects on the webpages of the ZIS II programme demonstrate that ZIS II concerns an on-going implementation of the earlier ZIS programme.

Evaluation

The success of Berlin territorial strategies supported by EU territorial tools under Article 7 is measured by means of the obligatory evaluation of ERDF funding. ERDF indicators are broadly defined, as mentioned above. To complement a broad and result-oriented ERDF evaluation, the IB of ZIS II is developing an index that allows for a more detailed evaluation of change in targeted areas. The index is currently being designed by the Institut für Stadtforschung und Strukturpolitik GmbH (IfS), a private social-scientific research institute. Important objectives of the index development are a close association of funding and change in neighbourhoods and an account of the qualitative impact of funding. The ZIS II programme supports education and learning. The index seeks to identify related impact specifically. The index development is expected to result in an evaluation system that not only measures end-results but is an instrument supporting funding decisions throughout the funding process. Methods used to identify impact are online questionnaires and workshops. Online questionnaires aim at identifying the impact of funded projects. Workshops aim at a deeper understanding of how impact is caused. A broad array of actors will be addressed during evaluation, with inhabitants, schools, kindergartens, and local businesses among them. An added value of the evaluation approach is seen in communication: by involving multiple actors in the judgement of projects, a greater awareness of ERDF funding is expected. Challenges and risks of the approach concern the definition of qualitative indicators of learning processes, the risk of a low response to questionnaires, the required alignment of indicators in several systems (including ERDF priorities) and the necessity to evaluate development in different neighbourhoods.

2.3 GOOD PRACTICE AND LESSONS LEARNED

- Actors in the ZIS II programme appreciated the continuity of ERDF funding over the years, specifically the focus on social development, which has allowed for the development and stabilisation of territorial approaches to social inclusion in Berlin neighbourhoods. German domestic funding mechanisms focus on measures that address the built environment. It is argued that ERDF funding has complemented these mechanisms.
- The continuity of Berlin territorial approaches has led to the emergence of an organisational structure that is dedicated to their funding. Through this extensive structure, there are few barriers to the distribution of ERDF funds in Berlin. Interviewees are aware that they profit from an exceptional governance situation where MA, IB and other partners are concerned about one region and are located in close proximity to each other.
- Actors in ZIS II expressed a critical attitude towards the priority axes approach. Berlin territorial approaches seek to channel funding towards small-scale, socio-integrative measures. Actors noted that the administrative burden that the priority approach causes makes funding for small projects unfeasible.
- Actors emphasised the importance of experience in territorial approaches and a need for continuity. The priority approach is also mentioned in this context. It added complication to territorial strategies that had already proved to be integral during earlier funding periods. As noted above, a broad interpretation of Priority 9(b) allowed for continuity. The flexibility was highly appreciated.
- Another concern that was expressed related to the spatial definition of targeted areas. It was noted that the required tight definition of areas led to the non-funding of projects that were highly appropriate in terms of their contribution to priorities in Berlin. Interviewees noted that it was difficult to explain rejection on the grounds of the targeted area approach. They emphasised a result-oriented funding logic, at the expense of a spatial logic. A best practice that was mentioned was the Berlin BENE programme, which uses soft boundaries around targeted areas and facilitates a broader consideration of projects in this way.
- Actors noted that the stable political orientation of Berlin governments over the years enhanced the continuity and success of ZIS II.
- Actors appreciated that cross-funding is not required in ZIS II. They noted that this decision has enhanced relations with local actors.
- The IfS, which is developing the ZIS II evaluation index, was already involved during the design of the Berlin ERDF OP. Early involvement was seen as an important asset for the development of the index and evaluation approaches more broadly.
- The actor who is involved in the development of the evaluation approach noted that changes in funding regulation are a threat to efforts for a more efficient and effective funding procedure.
- Berlin is engaged in the development of comprehensive standards for the evaluation of projects (Pauschalen). It has been working on the definition of these standards since 2014. There is acknowledgement that the development is fostered by the continuity of territorial strategies in Berlin. There is a strong belief that such standards can diminish the administrative burden.

Strategy fiche – Nordhausen, Germany

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Transition Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Existed but slightly adapted
Size of town/city	25,000 – 50,000 inhabitants

Nordhausen is located in the *Land* of Thüringen and has ca. 42,000 inhabitants. It is an important regional urban centre within its largely rural hinterland. Economic development in Nordhausen has been relatively strong, based on a broad sectoral spread, diverse training options and infrastructure improvements including the new A38 motorway link. Employment stands at ca. 22,000 in 1,400 firms, with a teaching hospital being the largest single employer, and the town attracts over 12,000 commuters. Unemployment is 8.3 percent, marginally above the *Land* average. Cultural and sport options, as well as quality green and open spaces within and surrounding the city, provide tourism potential as well as increasing the overall attractiveness of the city. Nordhausen is currently in a position of budgetary consolidation that has meant, until very recently, a freeze on municipality investment and spending.

Targeted areas

There are no specific targeted areas within the Nordhausen strategy. However, the strategic objectives are designed to have a range of spatial impacts. Measures to improve energy efficiency in housing and heating systems, redevelop unused sites or upgrade the town centre, for example, are targeted on particular neighbourhoods. Other objectives such as improving environmentally friendly transport options and upgrading cultural, educational and sporting facilities are designed to have a broader spatial impact. The strategy aims to improve not just Nordhausen itself, but also the importance of the town as a regional impulse centre.

Challenges and objectives

The main development challenge of the Nordhausen programme is how to ensure the future energy-sparing development of the town as a centre of regional importance in the context of declining population and restricted public budgets. Strategic objectives include measures to strengthen the attractiveness of the living environment, improve environmentally friendly mobility and strengthen Nordhausen as an economic, social, training and cultural centre. The anticipated results would be to create a more competitive and strong regional centre benefiting the town and its hinterland as well as making Nordhausen a model region for energy-saving and efficiency.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF						6e			9b		

Rationale and added value of the strategy

The ERDF OP specifies that funding can only be granted on the basis of integrated strategies (IKS). The Thüringer Ministry for Infrastructure and Agriculture (*Ministerium für Infrastruktur und Landwirtschaft*, TMIL) (the IB responsible for the sustainable urban development component of the ERDF OP) set an overall funding philosophy for this area for 2014-20 of 'Attractive City, Efficient City and Inclusive City'. Particular emphasis was placed on Efficient City, which focuses on energy-related issues. All the IKS submitted under the competitive call were required to work within this three-point philosophy as well as to draw on the priorities of the OP (investment priorities 6e and 9b) and relevant existing domestic strategies, development plans and experience.

Implementation mechanisms

Sustainable urban development (SUD) is being implemented in Thüringen through Priority 5 of the ERDF OP. A competitive call was launched in February 2015 for the submission of 'Integrierten Kommunalen Strategien' (Integrated Municipal Strategies, IKS) which provide the strategic context of how ERDF monies would be used based on OP and other related strategic priorities. Municipalities (*Kommune*) make an annual application to the Land Administration Office (*Landesverwaltungsamt*) for urban development project funding under domestic and EU sources. Only ERDF funding is being used; financial instruments are not being utilised. The CLLD approach is not being used as part of the Nordhausen strategy.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	<i>As yet unknown</i>
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Annual application under the 'Thüringer Urban Development Support Regulation' which covers range of federal, Land and EU funding programmes	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The municipal town administration (*Stadtverwaltung*) of Nordhausen was the lead organisation in the design of the strategy (*Integrierten Kommunalen Strategie, IKS*). The TMIL as the intermediate body responsible for the ERDF-funded sustainable urban development measures set out an overall funding philosophy for this programming period based around three themes:

- *Attraktive Stadt* focused on the functional strengthening of strategically important areas and the development and revitalisation of urban areas, particularly town centres;
- *Effiziente Stadt* focused on energy issues, reducing CO₂ emissions, energy-optimising urban development in buildings and infrastructure; and
- *Inklusive Stadt* focused on strengthening public engagement and participation in urban development through integrated town and district actions.

Particular emphasis was placed on the energy and CO₂-saving measures.

The competitive call for submission of IKS was issued in February 2015. The submitted strategies were assessed by a jury comprising representatives of several *Land* Ministries as well as the *Thüringer Energie- und GreenTech Agentur* (ThEGA), the IBA Thüringen, the Thüringer *Land* Administration Office and the Association of Towns and Municipalities. Assessment criteria included: the quality of IKS (e.g. aims and approach, problem/potential analysis, contribution of the strategy to increasing energy efficiency, spatial impact of strategy); and the contribution of the strategy to ERDF funding objectives and principles (e.g. account of the three-policy emphases, integrated approach, partner structure, integration of existing strategic approaches). Successful applicants were then informed that they were 'ERDF municipalities' (*EFRE Kommune*).

Consultation process

The drafting of the Nordhausen IKS was primarily a desk exercise reflecting the fact that a wide consultation process had been carried out in conjunction with the domestic strategies on which it is based. The process of drafting the domestic ISEK strategy (see section 0), for example, included extensive consultation with citizens, interest groups and relevant bodies in the economic, social, transport, training, environmental and tourism fields. In compiling the IKS, close coordination was therefore undertaken with the municipality department responsible for the ISEK as well as with municipality-owned companies (e.g. transport, waste, water, energy, housing) and other local actors on potential thematically suitable projects for inclusion. Consultation was, in effect, focused more on coordination with actors already involved in urban development at both the planning and potential implementation stages.

Links to domestic pre-existing strategies

The Nordhausen strategy does not include any new strategic aims and objectives. It draws primarily on the newly updated ISEK (Integrated Urban Development Concept 2030), the Integrated Climate Protection Concept 2050, and a number of other more specific urban plans. In addition, the IKS takes into account two current applications under domestic urban development initiatives – one under the IBA Thüringen for Nordhausen to become a 'Model City Region for Energy Change' and the other under the federal government competition 'Future City 2030+'. In line with *Effiziente Stadt* theme from TMIL, these two applications are also strongly focused on issues of energy efficiency and energy change.

The IKS, in many ways, represents a route to funding for the implementation of existing strategic development objectives of the town. In a climate of budgetary restriction, the key challenge for Nordhausen is less the definition of new strategic directions for urban growth and more the identification of funding to implement clear development ambitions.

Measuring the effectiveness and added value of the strategy

The IKS does not include separate indicators, and the output indicators of the ERDF OP will be the main indicators used to assess the effectiveness of interventions implemented under the strategy as part of the cycle of mid term and ex post evaluations. The selection of the indicators included in the OP was a consultative process, also involving the municipalities, which aimed to identify a small number of workable and effective indicators. Experience from the previous programme period showed that the inclusion of a large number of indicators resulted in the process becoming unworkable and not necessarily accurate in assessing effectiveness. The contribution of the strategy to the objectives of the OP will be assessed on the basis of the programme-specific result indicators. The IKS also includes a number of mainly energy-related target indicators and ambitions, some of which are drawn from domestic programmes and strategies.

The IKS was not required to include a definitive list of projects, and so project-specific indicators could not be defined at this stage. The municipalities will be involved in the collection of relevant data once the implementation process has started. Urban development monitoring is also undertaken under domestic funding programmes.

Key challenges

One of the challenges facing the initial approval and now subsequent implementation process for the urban development strategies was the initial delay in finalising the Operational Programmes and regulatory environment in Germany. It has not been easy to match European Commission regulations with the federal structure of Germany and the existing framework of responsibilities for carrying out urban development. The practical knock-on effect of these negotiations was a delayed start to the competitive call for IKS in Thüringen and lack of clarity at municipality level regarding what was and was not eligible for funding. Implementation of finally approved strategies was therefore also delayed, and municipal authorities face difficulties with projects that are ready to start but are still awaiting funding approval. In the longer term, delays raise concerns about resource absorption within the programme period.

Another challenge facing Nordhausen, as well as other municipalities in Thüringen, is the current climate of budgetary restriction. As urban development funding can only be co-financed through public (not private) investment, local-level budget freezes or restrictions impact on the potential for projects to be approved and implemented.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The managing authority in Thüringen is the *Land* Ministry of Economy, Science and Digital Society (*Ministerium für Wirtschaft, Wissenschaft und Digitale Gesellschaft*) which has overall responsibility for the management of ESIF in the *Land*. Responsibility for the SUD component of ERDF funding is shared between the TMIL (as the IB) and the *Land* Administration Office. The MA has no specific responsibility in this area.

The municipal town administration is responsible for the implementation of the strategy. A formal agreement has been drafted between individual municipalities and TMIL which governs the process of project eligibility and approval within the framework of IKS. The agreement formally sets out that the municipal town administration is responsible for project selection under the respective IKS and requires different municipal departments to be responsible for project selection and subsequent implementation. The agreement states that responsibility for assessment of project eligibility, approval and payment for ERDF-funded projects lies with the intermediate body.

There is no pre-allocated package of funding for each approved strategy and funding is decided on the basis of individual project applications. In practice, every year in October, the town administration submits an annual programme application (JPA) to the *Land* Administration Office that includes all urban development measures it would like to be considered for funding the following year. The selection of projects for inclusion in the JPA is decided by the town administration, based primarily on eligibility, urgency of implementation and budgetary considerations of the municipality and other project partners. The town administration and the municipality-owned companies are involved in project selection and may subsequently be involved in project implementation.

All urban development funding comes under the so-called Funding Regulation for the Support of Urban Development Measures (*Thüringer Städtebauförderungsrichtlinie*), which governs the conditions under which all federal-*Land*, *Land*-only and EU funding can be granted. The decision on project eligibility for ERDF co-financing is taken by the *Land* Administration Office in coordination with TMIL. The town municipality receives an agreement in principle on which projects are to be granted funding approval and then confirms which projects are in a position to start. Final eligibility checks are completed by the *Land* Administration Office and final project-specific approval agreements are issued. Where ERDF co-financing is possible, the ERDF share is granted at 80 percent of eligible costs and the remaining 20 percent must be provided from within the budget of the town municipality and cannot come from private investment sources.

Special implementation arrangements

Financial instruments and CLLD have not been taken up as implementation methods in Nordhausen. This is generally the case in Thüringen and is mainly related to the administrative burden associated with these instruments and approaches. According to the subsidiarity principle, development actions should be designed and implemented by the administrative level primarily responsible for them. In Germany, in the case of sustainable urban development, that responsibility lies with the municipalities. The *Land* authorities work at a higher level to ensure that EU and domestic strategic principles are fully considered, and they are responsible for final eligibility and award decisions. In discussions leading up to the current programme period, the municipalities did not want to utilise either financial instruments or CLLD because of administrative requirements that would overload what are often quite small municipality bodies.

Implementation progress

No project applications were approved for Nordhausen from the 2015 JPA. This means that implementation of the strategy has not yet begun. This is related in part to the freeze on municipal spending because of the budget consolidation.

Evaluation

A more qualitative process of evaluation is anticipated once implementation is underway in discussion with municipalities and project leaders.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The IKS represents an ERDF-tailored application of urban development goals and objectives of Nordhausen. Although no new strategic directions were included in the IKS, the requirement to draft a dedicated strategy for Article 7 funding has allowed the town municipality administration to approach stakeholders again and engage in particular with energy-related issues and development options. This has given the local administration additional weight in showing that energy-efficiency goals are not just being encouraged at local level but also at *Land* and European levels. This effect has been seen across Thüringen where the strategic issues of energy efficiency and CO₂ reduction in particular have been taken up in submitted IKS to a new degree, representing a partial reorientation of urban development goals across the *Land*.

Strategy fiche – Vejle, Denmark

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	More Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2019
Is the strategy new?	Existed but slightly adapted
Size of town/city	50,000 - 100,000 inhabitants

Vejle is located by the east coast of the region of Syddanmark in what is called the triangle area. The term has been used since the early 1960s to describe the industrial growth area and transportation hub between Kolding, Vejle and Fredericia. The municipality has a total population of approx. 111,000. The business structure is dominated by SMEs in diverse industries. In spite of the loss of 5300 jobs (mainly industrial) during 2009-2014, the level of employment is good with an average level of unemployment of 6.4 percent in 2014, which is below the national average of 7.1 percent. This can be partly explained by more people out-commuting to work in neighbouring municipalities, compared to the numbers of people that commute to work in Vejle.

Targeted areas

The strategy targets the municipality of Vejle in accordance with the nationally decided selection criteria of municipalities with an urban area of more than 30,000 inhabitants.

Challenges and objectives

Due to its geographic location, Vejle has been appointed one of the 10 most vulnerable urban areas in Denmark on account of expected increasing water levels and rainfall caused by climate change. Other challenges highlighted for Vejle include the decline of industrial jobs, and attracting and retaining highly educated people and innovative companies. The strategy addresses the main challenges for Vejle through two projects. One project is concerned with better management of wastewater and thereby enhances the resilience of the city towards climate change. The other project highlights the ambition of the municipality to work more methodically with resource efficiency and the circular economy in terms of sustainable construction, and it also aims at strengthening innovation in SMEs.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF	1b			4f							

Rationale and added value of the strategy

Rather than comprising a new strategy, the integrated urban development strategy of Vejle summarises already existing strategies and plans that have been politically approved at the local level. They include Plan Strategy 2015, Climate Vejle – Strategy and Objectives, Climate Adaptation Plan, Settlement Strategy 2014, and Energy Plan Vejle Municipality. The integrated strategy also aligns with Vejle Municipality's participation in the international initiative 100 Resilient Cities, pioneered by the Rockefeller Foundation (100RC). It would not have been possible to initiate the two projects at this time without the ERDF co-financing.

Implementation mechanisms

The sustainable urban development (SUD) initiative is implemented through a separate priority axis in the national ERDF Operational Programme (OP). Vejle Municipality was granted funding for its strategy through a competitive bidding process. Two projects will implement the integrated urban development strategy developed by Vejle Municipality. The project 'The Wastewater Treatment Plant of the Future' is managed and co-financed by Vejle Wastewater Treatment, which is run as a limited company. The project 'Better Utilisation of Construction Waste' is managed and co-financed by the municipally-run waste and recycling company AffaldGenbrug, and it will also be co-financed by the private companies that become involved in the process.

Type fund	Name fund	Amount*
ESIF	ERDF	€ 62.0 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

* Exchange rate DKK 7.4434 of 2 January 2015

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Used	€ 161,217
Other	Used	€ 671,736

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The Danish Business Authority (managing authority) launched the first call for applications for SUD strategies with a deadline in April 2015. The call required that an integrated urban development strategy as well as the associated project applications were submitted at the same time. The division for Environment and Planning at Vejle Municipality became aware of the funding opportunity and found the call to be in line with ongoing activities and strategies for sustainable urban development. The municipality that led the process contacted the Vejle-based CSR network, Green Network AS, which became involved in the application phase. Together, the two parties called other relevant stakeholders to discuss the contents of the SUD application, and after this meeting the development of two project applications was initiated. Representatives from Kolding Municipality also participated in the meeting, and subsequently the two municipalities developed their project applications for sustainable construction in parallel. The projects will be run separately, but the parties will share experiences and use similar methods during project implementation.

The strategy was designed in parallel with the project applications. The call for applications was launched before the Commission's 'Guidance for Member States on Integrated Sustainable Urban Development' was published. The municipality found that the greatest concern in this regard was to understand what would be required in an integrated strategy. Eventually, they decided to summarise existing plans in one document. The SUD strategy

was approved by the national Nominating Committee in the spring of 2015. Following this, the final approvals of the project applications were in process for one year with the managing authority. The municipality made corrections and clarifications to the applications before they were approved in the summer of 2016.

Consultation process

According to the National Planning Act, the public is required to be included in the planning process to the greatest extent possible, and it is up to the individual municipalities to decide how this should be done in practice. In accordance with this principle, as part of the development of plans and strategies that were included in the SUD strategy, a wide range of stakeholders was consulted, including NGOs, the business community, and education institutions. Because the SUD strategy did not involve a new strategy as such, no additional consultation was made.

Links to domestic pre-existing strategies

The SUD strategy is linked to domestic pre-existing strategies through the link between national and local plans as part of the national planning system and the monitoring committee. At the local level, the municipal plan is complemented by an obligatory municipal plan strategy, which is revised during the first part of every mandate period. Further obligatory plans are developed at local level including, for example, a climate plan. Further, the key authorities and institutions in the field of sustainable urban development in Denmark are represented in the Nominating Committee: the Danish Business Authority (DBA); the Ministry of the Environment; the Ministry of Climate, Energy and Building; Local Government Denmark (LGDK); three members nominated by the Regional Growth Forums; and two members from relevant knowledge institutions nominated by LGDK. This combination of actors in the Nominating Committee is intended to ensure synergy between SUD strategies, domestic strategies and other ongoing initiatives in the field. The Nominating Committee officially only has the role of nominating SUD strategies, but committee members have expressed an interest in also monitoring the implementation of projects.

Measuring the effectiveness and added value of the strategy

The SUD strategy for Vejle does not contain clear objectives, but can be seen as a contextual background document to the two projects, which, in line with other ERDF co-financed projects, have defined measurable objectives. In the application phase, the municipality's main challenge was to define objectives for CO₂ emissions. The involvement of Green Network as an advisor was helpful in this regard.

The strategy serves as a background document to the two projects that are implemented in Vejle, and the strategy as such will not be monitored. The projects will be monitored in line with other ERDF co-financed projects under the auspices of the DBA. The municipality, in collaboration with stakeholders in the area, developed the project applications in parallel with developing the strategy.

The expected added value of the two projects is that a common public-private understanding and strengthened cooperation on sustainable urban development will develop. From the smaller project on the utilisation of construction waste, it is expected that awareness will be strengthened among SMEs that there is a business case in the more sustainable utilisation of waste.

Key challenges

Key challenges for the municipality in the design of the strategy involved a lack of clear guidelines from the managing authority for the development of an integrated urban development strategy. Further, the development and subsequent approval process of the project applications were considered challenging by the municipality. The Department for Environment and Planning did not have previous experience applying for Structural Funds. In order to cope with this issue, an employee from another department at the municipality

who is familiar with the specific requirements of applying for and reporting on ERDF-funded projects became involved. Throughout the project period, she will maintain contact concerning reporting, etc. with the managing authority.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The managing authority, DBA, in collaboration with the Ministry of the Environment also provides a secretariat function for the Nominating Committee, which comprises the key authorities and institutions in the field of sustainable urban development. They carry out quality assurance of strategies and project applications from the municipalities with regard to their compliance with the ERDF OP, and urban and environmental issues. The national Nominating Committee has been influential in deciding the thematic focus areas of SUD strategies. Two projects are required to be implemented within each strategy. The project criteria are in accordance with the separate priority axis of the OP.

The municipalities that are granted funding by the Nominating Committee formally act as intermediate bodies, a role that is otherwise held by the Regional Growth Forums in Denmark. Vejle Municipality is responsible for implementing its SUD strategy through the two projects that have been finally approved by DBA.

In the implementation of its SUD strategy through the two local projects, the municipality of Vejle bears responsibility for the development of its SUD-related strategies and activities as well as their implementation plans. The strategies (in this case the two project lines through which the SUD is implemented for Vejle's part) needed to be approved locally first, after which they moved on to the Managing Authority for the MA's approval. The MA also verifies the selection procedures applied at this stage. Defining and launching the related project calls under the local SUD and outlining the selection criteria is also a municipal competence. The entire application collection and evaluation phase is also conducted at the local level, including quality assessments, final verification and signing of grant contracts with approved projects. The MA is involved in the eligibility check for project applicants.

Special implementation arrangements

There are no special implementation arrangements in the form of financial instruments, CLLD, or multi-fund approaches.

Implementation progress

Implementation of the two projects in Vejle is at an early stage. The project 'The Wastewater Treatment Plant of the Future' was initiated in the summer of 2016. The project 'Better Utilisation of Construction Waste' still needs to secure a project manager, but the start-up was planned for late autumn 2016, and it will be run by the municipal waste and recycling company. At this stage, no challenges have been identified with regard to project implementation.

Evaluation

The projects implemented as part of the SUD strategies/Priority Axis 4 in the OP will be evaluated by external evaluators with an indicative budget of 5 percent of the ERDF funding. Vejle Municipality has also allocated 5 percent of its funds for external evaluation of the two projects. The external evaluation of projects implemented under Priority Axis 4 was originally set in the evaluation plan to be completed in 2019, but is expected to be influenced by the delays in application and grant procedures.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Challenges have mainly arisen for the managing authority with regard to the overall management of the SUD priority axis. Two calls for applications have been launched, the first in 2015, for which Vejle applied, and the second with an application deadline in January 2017. In the first round, fewer municipalities than expected applied, and the amounts that were applied for and eventually granted were also smaller than expected. For the second round, the DBA has made clearer guidelines for strategy content, based on the Commission guidelines and experiences from the first round of applications. Further, in this round the municipalities will first submit a strategy proposal and then subsequently develop project applications, which are also expected to generate more applications for strategies. Generally, the municipalities' awareness and interest in the SUD funds has increased since the first call for applications. The relatively low amounts applied for in the first application phase by Vejle and other municipalities involves the 50 percent co-financing requirement, which sets limits to the scale of projects.

At municipal level, the stakeholder collaboration that developed in the design phase is highlighted as a positive outcome from the SUD strategy, i.e. including the business community and expertise in sustainable development with the Green Network and collaborating with Kolding Municipality. This collaboration from the strategy and project development phase has strengthened public-private collaboration, which is expected to develop further during project implementation.

Initially, the expectation for the SUD priority axis by the Danish Business Authority and the Nominating Committee was that successful demonstration projects on green sustainable development would be implemented. Issues of water and waste management are global challenges, especially in larger cities. Therefore, the DBA and the partners that designed the SUD axis anticipate that demonstration projects will generate exports of environmental technology solutions. As yet, the applications for SUD strategies have been of limited financial size, but with the increased awareness among eligible applicants there is hope that larger projects will be implemented as a result of the second call for applications. Compared to other Member States, the ERDF budget is limited in Denmark, and generally the earmarking of funds is not considered suitable in a Danish context. DBA interviewees suggested that the funds might have been better spent as part of the Regional Growth Forums' strategies, and not targeted specifically at sustainable urban development.

Strategy fiche – Tartu, Estonia

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2020
Is the strategy new?	Existed but substantially adapted
Size of town/city	100,000 - 250,000 inhabitants

Tartu urban area is situated in South Estonia and includes the city of Tartu and the adjacent local authority units of Tartu, Luunja, Tähtvere and Ülenurme. The urban area covers 672 km² and has a population of 120,929. It is the second-largest urban area in Estonia and the regional centre for the whole of South Estonia. With two internationally renowned universities and seven centres of excellence in research, Tartu is known as the centre of Estonian research and development. The key business sectors include metalworking and machine-building, IT, the woodworking industry, biotechnology and the food industry. The urban area represents 87 percent of the jobs in Tartu County.

Targeted areas

The strategy targets the whole urban area including functional hinterlands.

Challenges and objectives

The strategy addresses a range of economic, environmental, climatic, demographic and social challenges, including decreasing and aging population, inadequate public services, urban sprawl, insufficient transport connections, increasing pressure on the environment, and insufficient cooperation between enterprises and educational institutions, as well as between local authorities.

The focus of the strategy is on two key objectives: developing sustainable mobility environment in order to reduce the use of cars and consequent CO₂ emissions; and creating childcare and nursery school places to reduce the need for transport and support employment.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4e					9a		

Rationale and added value of the strategy

The SUD strategy of Tartu urban area is developed to implement Priority Axis 9 'Sustainable urban development' of the OP for Cohesion Policy Funds, and it is the prerequisite for applying for support from the measure 'Sustainable development of urban areas'.

The strategy is based on the existing development plans of local authorities and addresses the challenges in an integrated and holistic manner. The intervention builds on cooperation and coordinated activities of the local authority units in the area.

Implementation mechanisms

The strategy is implemented using grants through the measure 'Sustainable development of urban areas'. No specific implementation methods are used.

Funding arrangements

Funding of the strategy is based on the action plan of the strategy and allocated as grants from the ERDF. The total support available for the main list of activities in the action plan is €22,149,000, of which the ERDF support is €16,400,000 and local domestic funding €5,749,000. The action plan also contains a reserve list of projects that is implemented in the case of a surplus of funds.

Type fund	Name fund	Amount
ESIF	ERDF	€ 16,400,000
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Local authorities' own contribution	€ 5,749,000
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1. STRATEGY DESIGN

Design process

The design process of the strategy was carried out according to the guidelines developed by the MA that are in line with relevant EU requirements. A steering group, consisting of representatives of the local authorities, Tartu County and the MA, was formed to develop the strategy and the action plan. A private sector consultant (OÜ Geomedia) was recommended by the MA to facilitate and lead the strategy design. The consultant also functioned as the main communication link between the urban area and the MA.

The design process was mostly affected by the local authorities' limited experience in integrated urban strategies. The fact that the EU guidelines were not completely in place when the process was started proved to be a legal challenge for the MA in developing the implementation structure and ensuring a separation of functions between and within the implementing bodies.

Consultation process

Various stakeholders at national, local and sub-regional levels were involved in the strategy design from the very beginning. Different methods, such as interviews, seminars and workshops were used to involve stakeholders. For example, the county administration was involved in the SWOT analysis, and NGOs took part in discussions regarding the sustainable

mobility environment. Information was made available for the public on the homepages of local authorities, and the NGOs in relevant fields of activity were invited to submit proposals electronically. The input provided was taken into account during the strategy design process.

Links to domestic pre-existing strategies

The strategy draws on the existing development plans of the local authority units in terms of priorities and project proposals. Prior to final approval, the strategy was assessed by the MA, relevant sectoral ministries (Ministry of Economy and Communications, Ministry of Environment, and Ministry of Social Affairs) and thematic experts to ensure that it is in line with existing sectoral development plans and policies.

Measuring the effectiveness and added value of the strategy

No separate indicators or targets have been set to measure and monitor the implementation of the strategy. However, the action plan of the strategy – a list of projects selected by the local urban authorities – is very detailed and includes specific quantitative outcomes for each project (km of NMV roads constructed, number of childcare places). The results of the projects are reported to the intermediate body and feed into the monitoring system of the priority axis. The projects contribute to achieving the objectives of the following common output indicators of OP Priority Axis 9: number of nursery and childcare places created; total length of newly built roads for NMV traffic; and the number of projects developing the public transport network and mobility of the entire urban area and promoting innovative NMV traffic.

Beyond specific achievements, the strategy has led to enhanced cooperation between different parties of the urban area and a coordinated approach between the centre and the surrounding local authorities in solving issues in an integrated and holistic manner.

Key challenges

One of the main challenges in the set-up and implementation of the SUD strategy is the limited experience in integrated urban strategies. While the development plans of local authority units are essentially integrated action plans that cover all areas of activity of the local authority units, there is a lack of a holistic approach and perspective, which needs to be enhanced.

Another challenge is the uneven capacity of the local authorities and their cooperation and involvement skills.

2.2. MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The guidelines for the selection criteria of projects were developed by the MA and set out in the conditions for the provision of support. Project selection is delegated to the steering group of the urban area, which selects projects from among compliant project proposals. Preference is given to integral projects that solve a problem holistically in a certain area or improve the situation in a field in the whole urban area. Before the final approval, the strategy and the action plan are assessed by the county government, MA, and relevant sectoral ministries to ensure that they are in line with sectoral strategies and policies. The final approval is made by the local authorities.

The implementation of the strategy is based on the action plan of the strategy that was prepared and approved by the local authorities of the urban area.

The local authority units and the intermediate body (Enterprise Estonia) are responsible for implementing the action plan. The tasks of the intermediate body are related to the financial management and monitoring of the measure and include processing applications, making grant decisions, payments, and approval of final reports. The results of the projects

feed into the monitoring system of the intermediate body and the contribution of the strategy to the targets of the OP is monitored by the MA.

Special implementation arrangements

No special implementation arrangements are applied.

Implementation progress

The action plan of the SUD strategy of Tartu urban area was approved in spring 2016, and implementation of the action plan has started. The application round at the intermediate body is open, and local authorities are submitting applications according to the time schedule set out in the action plan. All the submitted applications to date have been granted funding and implementation of the projects has started. About 50 percent of the public procurement procedures have been carried out.

The main challenge in the current implementation process is the cost of projects, which has increased during the two years from plan to action. To tackle the appreciation, the urban authorities have applied to the MA for permitting set-offs between projects.

Evaluation

Monitoring and evaluation of the strategy and the action plan are carried out by the steering group of the strategy once a year. The steering group makes an overview of the results of the implementation and presents suggestions for further activities. A written overview, together with the proposals, is presented to the local authorities to ensure that the development plans of local authority units are in line with the implementation of the SUD strategy. The documents regarding the implementation are made available to the public on the homepages of local authority units.

The results of the projects feed into the national monitoring system of the priority axis and contribute to the targets of the OP. The MA will carry out an evaluation of the impact of the priority axis on sustainable urban development in 2019. The evaluation will include the action plans of SUD strategies and their contribution to achieving the objectives of the OP for Cohesion Policy Funds. The evaluation will also focus on the synergy effects of the measures in the development of the urban area.

2.3. GOOD PRACTICE AND LESSONS LEARNED

The introduction of the SUD strategy has led to enhanced capacity of urban authorities to identify and solve issues in an integrated and holistic manner. The responsibility of identifying and selecting projects that focus on the whole urban area and require coordinated activities has provided valuable experience for all the local authorities.

Furthermore, from the local perspective, the integrated and holistic approach could even embrace national intermediate bodies implementing EU funding. For example, enhanced cooperation of state agencies in fields that are essentially the same would facilitate the territorial strategy process and contribute to further efficiency and integration.

While project selection has been delegated to the urban authorities, the prescribed focus of the strategy was observed by the urban authorities as a limiting factor to local initiative in setting more comprehensive objectives and priorities.

To sum up, the whole process of designing and implementing the SUD strategy of Tartu urban area is a valuable first experience in implementing integrated actions for sustainable urban development at both national and urban levels.

Strategy fiche – Egnatia Odos, Greece

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Regional ITI
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Rural region
Planning horizon	2022
Is the strategy new?	Completely new
Size of town/city	500,000 – 1,000,000 inhabitants

Anatoliki Makedonia-Thraki (East Macedonia-Thrace) is one of the 13 regions of Greece. Situated in the north-east part of the country, and bordering Bulgaria and Turkey, it has a population of 608,182. In 2014, Anatoliki-Makedonia-Thraki ranked as the region with the 20th-lowest GDP per capita (in PPS) of the EU28 (Eurostat, 2016). Agriculture is the major sector of specialisation in the region, albeit with decreasing production value and weak competitiveness; manufacturing is dominated by small, family businesses with weak technology intensity. In terms of GVA, processing of agricultural products, processing of construction stones, textiles, plastic and tyres are the dominant activities (48 percent of GVA in 2010). Tourism is a dynamic and growing sector of the regional economy due to its large value-chain. The region is emerging as an international destination that can further add to employment and increase the share of tourism in the regional GDP. In 2013, the unemployment rate for the working-age population stood at 26.4 percent.

Targeted areas

The spatial model of the ITI is organised on the basis of four elements located along the axis formed by the traces of the Roman Via Egnatia. Those elements are poles, hubs, axes and routes. The poles are broad areas that include monuments, and cultural or tourist infrastructure with a geographical concentration (Philippi, Drama, Kavala, Thasos, Xanthi, Avdira, Komitini, Alexandroupoli, North Evros, Samothraki). The hubs are the starting points for tourist movement in the network (terminals), as well as flow connection points (primary and secondary hubs of Egnatia Motorway, Chryssoupoli and Alexandroupoli airports, Alexandroupoli, Kavala, Thassos and Samothraki ports). The axes are arcs connecting hubs and poles and take two forms: the functional axis, which is essentially the transport network, and the conceptual axis, which is spatially defined as the trace of the Roman Via routes and is organised by historical period (ancient and Hellenistic, Roman and early Christian, Byzantine, Ottoman). The ITI intervention area is defined in the spatial model: following the central trace of Egnatia and within the limits of municipal units crossed by Egnatia.

Challenges and objectives

Challenges identified in the strategy include the lack of a regional brand identity, the declining domestic tourism market, the persistence of the uni-dimensional tourism model, the unequal distribution of tourism activities and the fact that some areas have exceeded their carrying capacity thereby losing in attractiveness, the lack of promotion of cultural capital, the poor exploitation of regional airports, and poor vocational training in tourism professions. Institutional challenges include: insufficient institutional and stakeholder coordination, institutional complexity which results in limited exploitation of the environmental capital, insufficient planning in areas of special interest (NATURA 2000, coastal, insular and mountainous areas), and the lack of a single tourism management body. The main objectives are: to establish poles of exploitation of cultural resources and provision of tourist services, to link those poles in a single axis along the Egnatia road in

order to improve attractiveness, to link already implemented investments in tourism and culture, to provide a functional, effective and developmental linkage of culture, entrepreneurship and innovation, to conduct gap-filling in sectors contributing to tourism, human resources development, investment, technological and process innovation, to prioritise and approve investments in the strategic and operational planning of the region, and to ensure synergies of strategic and special objectives with the Anatoliki Makedonia-Thraki OP.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2c	3c			6c	7b			10a	
ESF								8i, 8ii, 8iii			

Rationale and added value of the strategy

The strategy was explicitly foreseen in the Anatoliki Makedonia-Thraki OP as a plan for ITI in the tourism-culture sector, covering areas that constitute a network of cultural-natural resources. The comparative advantage of the region in that field had already been recognised in spatial planning, as the relevant resources and institutional framework were in place, and the ITI instrument offered an opportunity for an integrated and sustainable intervention. Based on the fact that most of the cultural resources of the region are located along the trace of the ancient road, the strategy is expected to integrate the value chain in the tourism-culture sector. Specific interventions include improving accessibility and establishing a network of poles of tourist development as well as investment in the cultural resources of the urban centres. The route is expected to be a leveraging factor for growth in the region by providing a spatially defined tourist identity under conditions of heritage protection and environmental, economic and social sustainability.

Implementation mechanisms

The implementation mechanism used is that of the ITI. Funds involved are ERDF and ESF. The main contributing OP is Anatoliki Makedonia-Thraki. Some of the projects related with the ITI strategy are/will be implemented with funding other than from the OP Anatoliki Makedonia-Thraki. They include two projects implemented through the OP Competitiveness Entrepreneurship 2007-13 and a project with an implementation agreement from the OP Competitiveness, Entrepreneurship Innovation 2014-20. The ITI will help deliver Priority Axes 1 (Improving competitiveness of the local economy), 2 (Improving the attractiveness of the region as a place of settlement for businesses and people), 3 (Human resources and social cohesion - ERDF), and 4 (Human resources and social cohesion - ESF) of the OP Anatoliki Makedonia-Thraki 2014-20.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 54,007,000
	ESF	€ 1,200,000
	Cohesion Fund	
	EMFF EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Action 17 is expected to be co-financed by the private sector by 60 percent.	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The strategy development process was led by the MA (Special Management Authority of the OP Anatoliki Makedonia-Thraki). The strategy was approved on 12 July 2016. The MA organised individual meetings, sent targeted invitations to beneficiaries asking them to submit proposals, and made efforts to approach beneficiaries that were considered hard to reach (for instance, three meetings were held with Ministry of Culture officials).

Consultation process

The process was organised as a bottom-up approach in four key stages. The first stage led to the drafting of a reference document based on a consultation that aggregated input and proposals. In parallel, a base document was developed. Then, a phase of consultation with individual stakeholders took place, which was followed by a public, open discussion on the strategy. Following the completion of the first deliverable of the strategy (which defined the intervention area), an extensive consultation took place with all potential stakeholders on the specialisation of the spatial boundaries of the ITI, the definition of a 'nuclear route' along the trace of ancient Egnatia and its width, the inclusion of urban centres as poles, and the expansion of the axis to include important resources located some distance from the trace of the ancient road. In addition, the prioritisation of actions was discussed in terms of project maturity, eligibility and capacity of IBs, relative weight of funding, and relation with and capitalisation on past interventions. Two consultation meetings took place in Alexandroupolis and Kavala, which resulted in 28 stakeholders intervening with proposals and amendments based on a provided template form. They included municipalities, regional entities, ephorates of antiquities, a chamber of commerce, a research centre, a national park management body and an NGO, all active in the region.

Links to domestic pre-existing strategies

The strategy is new but is based on regional spatial and development planning, and the objectives of the strategy are closely related with those set in the OP. The development objectives of the national development strategy for the tourism sector (2014-2020) provide an additional basis. A Strategic and Operational Plan for the Touristic Development of the entire territory of the region has also been developed. The ITI provides only part of the actions in the region in the field of tourism-culture, but actions not under ITI are not excluded from the regional strategy for tourism development. The ITI is not intended as the 'spatial dimension' of the regional tourism development strategy. The strategy provides a coherent framework of action relevant to the OP objectives, the PA objectives, and Europe 2020 objectives.

Measuring the effectiveness and added value of the strategy

The OP evaluation plan foresees a special thematic evaluation for 2020. However, in the 2018 evaluation of the programme, a revision will be carried out if necessary. Common indicators are mainly used for the ESF and thematic objective 8. A specific action that will be funded under the strategy is the ITI information system with a sub-project on the management, monitoring and control system of the ITI. The monitoring, control and payment of operations is performed by the MA according to the procedures of the PA monitoring and control system (2014-20). The ITI strategy per se does not include qualitative indicators. However, the related overall tourism development plan of Anatoliki Makedonia-Thraki 2014-20, to which the ITI contributes, mentions the use of qualitative indicators. The latter strategy states that due to budgetary constraints it was not possible to conduct fieldwork research that would focus on the development of thematic tourism and destinations of excellence. Only one result indicator requires fieldwork, that of the increase in the recognition of the region as a tourist destination. The ITI delivery mechanism is expected to provide added value by providing a coherent, collective strategy to coordinate the efforts of localities in the region in the tourism-culture sector and to promote the region as a single tourist destination of excellence. The tourism strategy of the region foresees the establishment of an instrument of governance, namely the Destination Management Body, while the ITI outlines the establishment of a support structure to provide policy guidance for the implementation of the ITI. The value of combining ERDF and ESF into one initiative lies in the better specialisation of investment priority 8iii, which is served by intervention field 104, 'self-employment, entrepreneurship and business creation, including the very small, small and medium enterprises'. Actions that can be funded include vocational training, youth and female entrepreneurship in the field of tourism, social entrepreneurship in the field of culture, and development of artistic skills.

Key challenges

One of the main challenges identified is that the common indicators are insufficient; additions and specialisation is required. In order to address this, four ITI-specific output indicators have been included.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The Special Management Service (MA) of the OP Anatoliki Makedonia-Thraki will assume the management and implementation responsibility for the ITI with the assistance of a special support structure. The support structure, which is expected to be established at the regional level, is foreseen to provide policy direction and technical capacity where the managing authority cannot assume those responsibilities. Until its establishment, this role is assumed by the MA. The role of the support structure with the technical assistance of the MA is to commit the administration to the implementation of the ITI, and to mobilise stakeholders for the maturation of interventions and the orientation towards the implementation of the strategic and operational objectives of the ITI. Furthermore, the support structure, in cooperation with the PA Coordination Unit in the field of tourism, undertakes to coordinate and provide synergies of the ITI with the strategic and operational plan of the region as well as the national tourism development strategy. The support structure also has the responsibility of promoting the ITI and communicating the results of the implementation of operations. The support structure is envisaged to take the form of a 'culture-tourism' directorate established in the region, although several other options are being examined. The support structure will not be designated as an intermediate body and will not perform executive or management functions, in order to avoid adding further administrative steps to the complex system of the PA.

The MA on the other hand, in cooperation with the OP monitoring committee, is responsible for the formulation of operation selection criteria and the issuing of calls for proposals, as well as other specialisation. The MA evaluates operations and ensures the consistency of

the operations with the ITI strategy and the expected results. The head of the region issues the approval decision. The MA is also responsible for monitoring, control and payments of operations according to the procedures of the PA management and control system. Last the, MA specialises in actions that will receive complementary funding from the national sectoral OPs following consultation with other MAs, coordination structures and the line ministries. The designation of intermediate bodies for state aid actions and actions related to securing or leveraging private resources is the responsibility of the MA in cooperation with the MA of the Epanek OP and the National Coordination Authority. The MA is responsible for the coordination of the strategy with other OP interventions from different axes but with the same investment priorities, specific objectives or intervention fields. It is also in charge of evaluating, updating and replanning the ITI.

The beneficiaries are responsible for ensuring the preparation, maturation and readiness of interventions that will be included in the ITI as well as the submission of proposals.

Special implementation arrangements

The strategy is perceived by the regional administrators as an innovation in relation to previous programme periods. Overall, the strategy states that it ensures the synergy of the two funds. With regard to the combined use of ERDF and ESF, the ERDF-related investment priorities contribute to Priority Axes 1, 2 and 3 of the OP. There is only one ESF investment priority (8iii), which contributes to Priority Axis 4. The ERDF investment priority 10a will focus on providing equipment and infrastructure for vocational training in the tourism sector, while the ESF priority 8iii will be oriented towards providing vocational training in tourism professions and support for entrepreneurship.

Implementation progress

The strategy was approved on 12 July 2016 and implementation has started. A call for projects serving ITI under Priority Axis 2 of the Anatoliki Makedonia-Thraki OP was issued on 14 October 2016. The total co-financed public spending under this call is €45,807,000. Challenges in implementation are being addressed through contacts with beneficiaries and the provision of support where necessary. Issues of state aid have proved to be particularly challenging.

Evaluation

The strategy was included in the ex-ante assessment of the OP as part of the provisions for ITI. Furthermore, the first deliverable of the strategy also included an evaluation of feasibility based on the EYSSA (Special Service for Strategic Planning and Evaluation) guidelines. A thematic evaluation of the ITI, the RIS3 and environment, energy and climate change actions is foreseen to be completed by February 2022 with a budget of €100,000. The evaluation is the responsibility of the monitoring committee. It will be conducted by external evaluators and take the form of an impact assessment. The methodology will include fieldwork and case studies.

2.3 GOOD PRACTICE AND LESSONS LEARNED

A possible positive example is that stakeholders were involved in the drafting process, who can be further mobilised for the generation of results with higher added value.

Previous implementation experience with territorial interventions includes LEADER experience and experience with interventions in the Rodopi mountain range.

Strategy fiche – Patras, Greece

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment
Geographical scope	A specific part of an urban area (district, neighbourhood)
Planning horizon	2023
Is the strategy new?	Completely new
Size of town/city	100,000 - 250,000 inhabitants

Patras is Greece's third-largest city, regional capital and principal seaport of Western Greece. The city is located in the north Peloponnese and has a population of 213,984 (2011 census). Patras has been performing some 'metropolitan' functions in relation to the wider inter-regional and inter-prefectural area of Southwest Greece in the sectors of transport and logistics, commerce, tourism, culture, RTD, health and services. The urban economy is predominantly specialised in the services sector, which accounts for 78.3 percent of the city's gross value-added. Manufacturing has declined to 17.9 percent of GVA (2011). The wave of de-industrialisation that affected the city in the past two decades has left an expanse of brownfield sites in the city's southern coastline. Employment levels stand at 70.3 percent of the economically active population; unemployment is at 29.7 percent; and 56.7 percent of the population is economically inactive.

Targeted areas

The strategy targets four specific zones of the city: (i) the historic centre, the Gouva area, (ii) the Agyia swamp area, (iii) the Zarouchleika area, and (iv) the coastal zone.

The first zone includes the upper and lower town of Patras. Those areas are of high historical and cultural value, where most of the major landmarks are located, including numerous Greek and Roman heritage sites, listed buildings and architectural features such as the four city Stairs and the 'Apollo' theatre. Integrated urban regeneration and smart-city development is foreseen. The second zone consists of the Agyia swamp, an important urban wetland ecosystem located very near to the city centre, the former Greek Tourism Organisation (GTO) beach and the northern part of the city's waterfront. Major interventions will focus on the regeneration of the swamp area, the construction of sewerage facilities and the development of cycling routes. The third zone consists of the southern waterfront, which includes derelict industrial sites and low-income residential areas located in their vicinity. The regeneration will focus on the restoration of industrial heritage sites and the neighborhood of Zarouchleika. The fourth zone is the coastal area, where intervention is expected to improve the urban environment by restoring the sea-city links.

Challenges and objectives

The main development challenges identified in the strategy are as follows.

- lack of liquid waste infrastructure;
- under-exploitation of cultural and historical heritage including the use of smart actions and the promotion of energy efficiency;
- the need to create more green areas that will improve the microclimate;
- undertaking actions to make Patras a smart city;
- developing the coastal front that will allow Patras to reap the benefits of Blue Growth; and

- exploitation of the human resources and competitive advantage of the city in the RTDI sector.

The current vision of the municipality of Patras is:

- to combat unemployment, poverty, and the lack of key infrastructure, especially in degraded areas;
- to restore the city’s historic character and identity as well as its links with the sea; and
- to fully exploit the potential of its technical, scientific and human resources.

On this basis, the SUD strategy sets out an intervention logic that combines strategic objectives, priority axes and special objectives.

There are five strategic objectives:

- to improve the attractiveness of the city as a pole for its social and economic development;
- to promote sustainable urban development and regeneration of the urban and social fabric of Patras;
- to improve quality of life, environmental protection and the sustainable management of natural resources;
- to combat unemployment and poverty; and
- to promote and improve the framework for social and economic development.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF/CF		2b, 2c	3a	4e		6b, 6c, 6d, 6e	7b, 7c				
ESF								8i, 8ii, 8iii, 8v	9v		

Rationale and added value of the strategy

The development of the strategy has been driven mainly by the will of the MA to allocate resources for ITI and SUD in particular. Furthermore, it has been supported by the political will of the Patras municipality to implement integrated interventions towards alleviating pressure on the population groups affected by the economic and social crisis and improve several aspects of social structures and urban functions. The strategy is also motivated by the collective desire to restore the character of the historic centre and the city’s maritime identity, to exploit smart-city solutions and to develop blue growth sectors. In practice, a considerable part of the business plan of the Municipality of Patras will be implemented through the SUD strategy.

The strategy is subject to the ‘intervention logic’ of the ROPs. It draws funding from, and implements actions through, the 2014-20 OPs and establishes logical links between development needs and the selection of objectives and results. The priority axes and specific objectives of the SUD strategy are linked with the ERDF specific objectives of the OP Dytiki Ellada 2014-20.

Implementation mechanisms

The delivery mechanism of the strategy will be integrated territorial investment. The main contributing OP will be that of Dytiki Ellada. The strategy will contribute to the delivery of four priority axes of the OP Dytiki Ellada. Other OPs that may contribute are the OP Transport Infrastructure, Environment and Sustainable Development and the OP European

Territorial Cooperation Greece-Italy. Funds involved are the ERDF, the ESF and possibly the Cohesion Fund.

Funding arrangements

Type fund	Name fund	Total amount
ESIF	ERDF	€ 43,500,000
	ESF	€ 300,000
	Cohesion Fund	€ 2,000,000
	EMFF	
Other European (i.e. COSME, Horizon 2020 etc)	EAFRD	
	European Territorial Cooperation	€ 1,097,000
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation arrangements

Type	Used / being considered / not considered	Amount
Financial instruments	Being considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not, except in limited cases	
Other	<i>Unclear</i>	

European funding is of vital importance to the implementation of the strategy. The central resources allocated to the local self-government have shrunk in recent years, as has the potential to raise municipal tax revenues.

The total budget of the SUD is €88,997,000, €43,880,000 of which are expected to be covered by the OP Dytiki Ellada.

A proposal has been submitted to a national sectoral programme 'Transport Infrastructure, Environment and Sustainable Development' under a priority axis funded from the Cohesion Fund. The project has a total budget of €4 million; the Cohesion Fund is expected to provide €2 million, the rest will be covered by municipal resources.

€45,117,000 are expected to be provided via other sources of funding, e.g. the OP Transport Infrastructure, Environment and Sustainable Development, ETC OPs Interreg MED and Balkan MED, and other sources.

The private sector will not be involved except in entrepreneurship actions where some own contribution of enterprises may be required. The municipal authority is reluctant to seek loans from the banking sector, as it considers that past recourse to loans was an ineffective means of achieving local development.

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The MA defined the terms of the strategy design by providing guidance in a quite restrictive manner. Beyond that, the design process was led by the Patras municipality. The strategy was drafted in-house by municipal planning officials of the Department of Planning and Studies in the Directorate of Planning, Organisation and Informatics, with the support of the Special Management Service (MA) of the OP Dytiki Ellada. An earlier study commissioned by the MA had outlined Patras and Agrinio as suitable cases for SUD interventions in the region, following the relevant provisions made in the OP. As the MA guidelines have been geographically very restrictive in terms of the intervention area, the

municipality was deterred from including horizontal actions in the strategy (e.g. recycling, composting). The Patras strategy was approved by Patras City Council on 30 May 2016 and by the Regional Governor of Dytiki Ellada on 27 January 2017. The City Council accepted the approval on 21 February 2017. Other stakeholders that took part in the development of the strategy comprised: the Patras Municipal Water and Sewage Company, the Patras Municipal Development Company, the Patras Labour Centre, the Ephorate of Antiquities of Achaia, and the Technical Chamber of Greece (Patras branch).

The development of the Patras SUD strategy was informed by the CPR 1302/2013 Article 15, 2 a i; Article 36, Article 96, 3 b and c, Article 123 6 and 7, Annex I 3.3 and 6; ERDF 1301/2013 Articles 7,8,9; ESF 1304/2013 Article 12; ETC 1299/2013 Article 2 3 b; Law 4314/2014, Article 13 and the Commission Guidance for member states, programme authorities and cities on Article 7 1301/2013 as well as the ITI scenarios study commissioned by DG REGIO. The objectives of the strategy were determined by the needs and priorities of the city, taking into account the capacity for maturation and implementation of the project within the current programme period.

Consultation process

The plan was uploaded to the municipal website. Subsequently, the heads of the political groups in the city council were invited to a meeting where the plan was presented. The plan was also discussed in a plenary session of the city council. Furthermore, it was presented to stakeholders and the wider public at an open consultation event on 20 April 2016, to which 51 stakeholders were invited. Stakeholders who attended the event included, among others, professionals and associations, representatives of academic institutions, trade associations, the chamber of commerce, the technical chamber, the geotechnical chamber, local and neighbourhood associations and clubs, MA officials, municipal officials, archaeologists of the Ephorate of antiquities, officials of the municipal enterprises DEYAP and ADEP ,as well as representatives of the region, the Patras Port Organisation, and the Regional Union of Municipalities. The stakeholders also had the option to submit proposals to the Municipality of Patras by filling in a proposal submission form and e-mailing it to the municipality or filling in another relevant form on the webpage of the Region of Dytiki Ellada. Of the 10 proposals submitted, the municipality included three as independent operations and four as part of other wider operations.

In its final form, the strategy took into account the comments and proposals submitted by stakeholders during the consultation phase. The most influential factors in the setting-up and implementation of the territorial strategies have been geographic location, administrative organisation and experience.

Links to domestic pre-existing strategies

The strategy is new. The Municipality of Patras has rich experience in terms of implementing integrated urban strategies. Patras was among the six Greek cities covered by the URBAN Community Initiative 1994-99. That intervention had a budget of 12,731,000 ECU and covered 77,000 Patras inhabitants in an effort to absorb the economic and social shock of the 1980s deindustrialisation wave. Interventions focused on developing human resources, boosting employment and providing vocational training, as well as improving the urban environment through urban regeneration and transportation improvements. The municipality gradually developed some capacity of its own for implementing development projects through the establishment of a municipal development agency (ADEP) in the early 1990s. The agency specialised mostly in INTERREG projects in the Mediterranean and Adriatic-Ionia area.

Data derived from a Greece-Italy 2007-13 INTERREG project (Neighbourhood Social Planning and Development, NEBSOC) have been used in the SUD strategy as evidence of social disparities in the intervention area. The SUD strategy also expands on a project of integrated urban development intervention implemented in 2007-13, which focused on the 'regeneration of communal areas in Vlatero, Dasyllio, Kavoukaki and Gouva'. As interventions in the Gouva area had been excluded from the 2007-13 regeneration project, they have been transferred to the SUD strategy as part of the interventions in Zone 1

(Historic centre-Gouva area). The strategy explicitly demonstrates its compatibility with the General Urban Plan of Patras. It is also compatible with the Operational Plan of the Municipality of Patras (2008) and its subsequent revisions, which have not been approved, as well as the regional spatial plan.

Measuring the effectiveness and added value of the strategy

The strategy provides an estimate of the contributions of operations submitted for approval under the OP Dytiki Ellada to the output, results and financial indicators of the OP priority axes. Common indicators are also used. The indicators used are exclusively those of the ROP, as the MA provided very restrictive relevant guidance. This is seen as causing problems related to the lack of indicators for smart actions.

Municipal officials are examining ways of using technical assistance for communication actions to measure public opinion on SUD interventions and receive feedback.

The municipality in collaboration with the University of Patras has piloted a web and mobile app ('sense.city') that records problems faced by the citizens of Patras in their everyday lives. So far, the app has returned recordings on street lighting and cleaning issues, but the expansion of its use as a supportive tool to measure the implementation of the SUD strategy is being considered. In addition, a project foreseen in the framework of SUD is the establishment of meteorological stations to measure air quality in the intervention areas. This is expected to show if interventions improved air quality. The multi-fund approach is not regarded as affecting the ability to measure the effectiveness of territorial provisions. As discussed above, administrators regard the common indicators as insufficient.

The added value of the strategy is that, contrary to previous programme periods, which relied on project-based, fragmented interventions, the strategy now sets out an integrated plan with a particular geographical focus.

The effectiveness of the strategy is thought to be best assessed as a part of a broader approach. The strategy does not contain explicit references to its contribution to the Europe 2020 objectives; however, certain actions such as energy efficiency and smart interventions included in the strategy serve those objectives.

Key challenges

The main challenges relate to time constraints and the delay in issuing the guidance. The process of drafting the strategy began in 2015, but the strategy had to be adjusted mid-2016 to conform with the guidelines issued by the MA.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

According to the OP Dytiki Ellada, management of the SUD strategies is the responsibility of the MA. The urban authorities are responsible for the submission of the strategies and at least the selection of particular actions/projects. The Municipality of Patras will establish a group for the assessment and selection of operations under the SUD strategy. The group will consist of five officials and an equal number of substitutes, two from the Directorate of Architectural Work and three from the Directorate of Planning, Organisation and Informatics.

The MA is responsible for issuing the calls for projects, and the municipality submits proposals. After the MA approves a project proposal, the municipality has responsibility up until the final delivery of the project,. The implementing body (Patras municipality) is required to obtain the pre-approval of the manager of the programme before issuing a call, signing a grant contract, or amending a contract. Project reports are drafted on a monthly and semester basis.

The Municipality of Patras will be designated as the intermediate body at least for the selection of operations. This is expected to happen in early spring 2017. It will also have some level of responsibility for state aid operations, i.e. for operations under objectives 2.b.1 (increase in the number of enterprises modernised in terms of the development of ICT products and services) and 3.a.1. (increasing investment in businesses related with RIS priority sectors). However, the designation of state aid responsibilities to urban authorities as intermediate bodies has been a complex issue that required inter-institutional coordination with the National Coordination Authority. Under the other operations, the Municipality of Patras is the main beneficiary. Other beneficiaries include the Patras Municipal Water and Sewage Company, the Patras Municipal Development Company, the Patras Labour Centre, the Ephorate of Antiquities of Achaia and possibly the Ministry of Culture.

The decision-making body for SUD monitoring is the OP monitoring committee.

The municipal officials are facing some issues with regard to the organisation of project calls and are expecting a response from the MA. A main concern is that not all projects are mature. Two options are being considered: the first is that the MA takes into account when the municipality is ready before issuing a call; the second one, which is favoured by municipal officials, is that an open call containing the entire SUD is issued, which will expire at the end of the eligibility period.

The municipality is responsible for the selection of operations, but specific operations have already been defined in the ROP document. Thus, the investment priorities of the ROP and those of the strategy have to be matched. Special selection criteria will be used for the strategy. This has meant that some projects cannot be financed through the ROP or the national sectoral programmes, such as the replacement of street lights with LED lamps and the establishment of a management system.

Special implementation arrangements

The strategy is funded by multiple ESI Funds. The ERDF and ESF provide the major part of funding, while some funding may be provided by the Cohesion Fund (if national sectoral OPs such as the OP Transport Infrastructure, Environment and Sustainable Development contribute to the strategy). Municipal officials are at an early stage in exploring the use of FEIs, for instance Elena for energy saving in buildings. CLLD will not be used.

Implementation progress

As stated in the 2016 Annual Implementation Report of the OP Dytiki Ellada, there had been no implementation of actions by 31 December 2015. The strategy was approved on 27 January 2017. At the time of writing, calls have not yet been issued. However, the approval decision by the region states that implementation should start by 31 December 2017. This means that at least one project should be approved by then.

Evaluation

The strategy will be evaluated as part of an impact evaluation of the integrated territorial investments of the OP Dytiki Ellada. The body responsible for the evaluation is the MA of the Dytiki Ellada OP. The evaluation of the strategies will seek to establish the extent to which the initial objectives for integrated investments have been achieved. The indicative completion date for the evaluation is May 2022, and the indicative budget (excluding VAT) is €20,000.

The evaluation is related with the specific objectives of the OP that refer to actions of the ITI and SUD plans. It will assess the way the ITI and SUD strategies were developed and the extent to which the initial objectives that were set at the level of territorial strategies have been achieved. It will also examine the overall impact of the strategies on the territorial level and on the residents of the areas, as well as the response of the stakeholders. Key evaluation criteria are efficiency, effectiveness, sustainability, and impact of interventions. Key questions relate to: the extent to which the ITI/SUD objectives

have been achieved; the factors that led to the achievement or non-achievement of objectives; the efficiency of actions in relation to the framework and cost of each strategy; whether the budget was suitable; the response rate of stakeholders and beneficiaries; and the compatibility of the interventions with the sustainable use of natural resources.

Methods that will be employed include: desk (bibliographical) research, analysis of monitoring system output and result indicator data, field research, and statistical analysis of particular data. Data used include output and result indicators of the OP, and the activation of the ITI and SUD (calls, approvals, expenditure, etc.). The requirement for additional data will be examined after the finalisation of the ITIs. The evaluation will be contracted to external evaluators. The call for evaluation is expected to be issued in June 2021, contracted by October 2021, and completed by May 2022 (Evaluation Plan, Regional Operational Programme 'Dytiki Ellada', version 5, October 2016).

2.3 GOOD PRACTICE AND LESSONS LEARNED

Overall, the strategy facilitates the implementation of integrated interventions focused on a geographic area rather than fragmented approaches. A positive aspect is the guidance provided from the EU level, which allows an integrated approach in the current programme period. It is also seen that, in terms of territorial governance, the role of urban authorities has been partially strengthened.

Aspects that could be improved in the next programme period include the issues faced when linking interventions with a particular priority axis of the OP. In that respect, it would have been useful if the priority axes of the OP were shaped in collaboration with the urban authority. City officials stated that they were not involved or invited to take part in the drafting of the OP. Thus, they have to follow a programme that is quite restrictive, and they had no influence over the OP design. The urban authority also appears restrained with regard to the use of financial instruments, as past borrowing from banking institutions was not an effective means to finance urban regeneration.

The urban authority emphasises the use of EU funding in the implementation of SUD and harmonises its interventions with EU priorities. In doing so, it is also driven by necessity, as it lacks other sources of funding following the reduction in resources for local self-government in Greece. However, a key problem for Patras is the completion of basic infrastructure (including a sewer system). Following the 2010 Kallikratis administrative reform, the municipality expanded to cover areas with a complete lack of liquid and solid waste management facilities. This basic infrastructure has to be in place as a prerequisite for sustainability and protection of the land and marine environment. The SUD intervention focuses on an area within the borders of the pre-2010 municipality of Patras, therefore interventions in other areas cannot be financed through the strategy.

With regard to good practice, the city officials emphasise the smart interventions included in the strategy: (i) the installation of air quality and meteorological sensors, (ii) actions related to the expansion of smart public transport stops, smart parking spaces, traffic measurement, smart urban mobility and soft forms of traffic, and (iii) the use of smart applications for the development of thematic tourism in Patras. A particular feature of the Patras strategy is that the urban authority actively promotes citizen ownership of the SUD strategy and its elements, as well as collective responsibility for the success of the strategy.

Strategy fiche – ITI Azul, Spain

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Regional ITI
Type of region	Multiple category regions
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Region with specific geographical features (coastal)
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	More than 5 million inhabitants

The ITI Azul is implemented in all Spanish Atlantic regions, namely: Andalusia, Asturias, Basque Country, Cantabria, Canary Islands and Galicia. Due to its geographic location, the maritime sector is of great importance for the Spanish economy. Most of the Spanish territory is located within the Iberian Peninsula, with 4,872 kilometres of coast. The Balearic and Canary archipelagos, together with the coastal location of Ceuta and Melilla, add a further 3,011 kilometres of coast. Overall, 80 percent of the Spanish borders are surrounded by sea.

Targeted areas

Most of the operations that will be implemented in the framework of the ITI Azul will concentrate in the Spanish coastal regions bordering the Atlantic Ocean. However, additional operations that fall outside this area could also be implemented, provided that they are in line with the objectives set out in the Atlantic Strategy (e.g. marine and maritime research).

Challenges and objectives

The ITI Azul's main objective is to revitalise the marine and maritime economy in those Spanish regions on the Atlantic coast. The ITI priorities and objectives are those defined in the Atlantic Strategy and its associated action plan: promote entrepreneurship and innovation; protect, secure and enhance the marine and coastal environment; improve accessibility and connectivity; and create a sustainable and socially inclusive model of regional development. The key actions undertaken in order to boost the potential of the 'blue economy' include promoting sustainable traditional activities such as fisheries and aquaculture and improving the marine ecosystem and its biodiversity.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF	1a	2b	3d	4e	5a, 5b	6c	7b	8b	9a	10a	
EMFF	1a, 1b, 1f	2c, 2d	3a, 3b	4a	5b						

Rationale and added value of the strategy

The use of ITI facilitates the process of growth of the marine and maritime economy through an integrated and cross-cutting approach among the ESI funds by combining the support and efforts proceeding from different funds, programmes and administrations. It further contributes towards attracting investments from the private sector in the marine and maritime field and, by so doing, it could help revitalise the coastal regions of the Atlantic area. It also gives visibility to the Atlantic Strategy, as established in the Spanish

position paper prepared by the European Commission and as laid out in the Atlantic Strategy document. The ITI Azul further reflects the commitment of Spain to drive forward the 'blue economy' in the 2014-20 period.

Implementation mechanisms

The ITI Azul is implemented through the contributions of the regional ERDF OPs Galicia, Cantabria, Basque Country, Canary Islands and Andalusia; and all ERDF OPs on European Territorial Cooperation and the EMFF. Further, the ERDF OPs Smart Growth (multi-regional) and Sustainable Development also contribute to ITI.

Funding arrangements

The financial contribution of the ERDF OPs to the ITI Azul broken down at the regional level is as follows: Andalusia €73.1 million, Asturias €59.3 million, Basque Country €18.8 million, Canary Islands €24.6 million, Cantabria €5 million and Galicia €158.7 million. The OP Sustainable Development and the OP Smart Growth contribute to the territorial investment with €352.7 million and €89.7 million respectively. The European Maritime and Fisheries Fund (EMFF) contributes a further €120 million. The total estimated funding allocation for ITI is around €901.9 million.

The OP European Territorial Cooperation might also contribute to ITI through the following OPs: POCTEP (Andalusia and Galicia), POCTEFA (Basque Country), SUDOE (Galicia, Asturias, Cantabria, Basque Country and Andalusia), Atlantic Area (all Spanish regions included in the programme) and MAC (Madeira, Azores and Canary Islands). The financing arrangements of the operations contributing to ITI are diverse and include: repayable grants, indirect investments and financial instruments. There are no specific funds or measures developed specifically for the Atlantic Strategy, thus the funding arrangements are diverse as envisaged in the OPs.

Type fund	Name fund	Amount
ESIF	ERDF	€ 781.9 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	€ 120 million
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Being considered	
Repayable grants	Being considered	
Community-Led Local Development	Not considered	
Private sector	Being considered	
Other	Being considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The European Commission adopted the Atlantic Strategy at the end of 2011, with the objective of revitalising the maritime and marine economy in the Atlantic region. Following the Atlantic Forum process, an action plan was generated to guide the implementation of

the strategy until 2020. The plan sets out a series of priorities and measures that the 'Atlantic' Member States will follow to promote blue growth in the area. The 2014-20 Partnership Agreements for the ESIF have been identified as an important funding channel that Member States can use, where appropriate, to implement the priorities of the action plan.

In this context, the Spanish managing authority took the initiative of proposing that the autonomous communities set up ITI which, through the use of different funds, could contribute to the objectives laid out in the Atlantic Strategy. Different meetings have been organised between the MA and the Spanish 'Atlantic' regions to discuss common challenges and opportunities and to clarify the criteria according to which operations, selected by the autonomous communities in the context of each regional OP, should be counted as contributing or not contributing to ITI. Thus, the initiative for setting up ITI was taken by the managing authority. However, it was a 'consensual' process. In fact, the Spanish Atlantic regions, beyond the relevance for their territory, thought that it would be interesting to contribute towards giving visibility to initiatives tackling the maritime economy.

Consultation process

The action plan, which the ITI Azul draws upon, builds on the Commission's Atlantic Strategy and is the result of consultations conducted through the Atlantic Forum. The latter has enabled the 'Atlantic' Member States (France, Ireland, Portugal, Spain, and United Kingdom), the European Commission, the European Parliament, regional and local authorities, civil society and industry to contribute to the development of the action plan. The forum also drew on input from stakeholders through a series of workshops, an on-line call for suggestions, and contributions provided by the Member States and regional authorities.

Links to domestic pre-existing strategies

The ITI Azul draws on the Atlantic Strategy and its action plan to help create sustainable and inclusive growth in coastal areas. The Atlantic Strategy identified five main themes to which Member States can contribute: implementing the ecosystem approach; reducing Europe's carbon footprint; sustainable exploitation of the Atlantic seafloor's natural resources; responding to threats and emergencies; and socially inclusive growth. For each theme, Spain has identified specific areas of interest to which it will contribute through the implementation of ITI. Each regional OP has identified specific thematic objectives that can be linked to the priorities laid out in the Atlantic Strategy. Within these objectives, regional authorities will select operations and highlight which of these can be counted as contributing to ITI.

Overall, the ITI Azul represents a new approach taken in Spain in the field of the blue economy. For the first time, a wide territorial approach, which involves different areas and a multi-sectoral approach, has been used. While previous experiences and initiatives related to the marine and maritime economy have been carried out over the years, these were mainly specific interventions addressing particular projects. For example, through the ERDF, a cooperation programme between the Canary Islands and African countries bathed by the Atlantic Ocean has been developed in the past, featuring several projects contributing to the blue economy theme. However, with the ITI Azul it becomes possible to have a more integrated approach to tackling interventions in this field.

In light of its wide scale and scope, regional authorities did not necessarily have previous experience with a similar intervention. However, having administrative staff which had been previously involved in the management of different funds and territorial initiatives (e.g. LEADER programme) has been helpful, as implementing ITI requires being familiar with different areas of intervention.

Measuring the effectiveness and added value of the strategy

The results of the ITI are measured by the regional administration at the level of single operations. Specific indicators for the ITI Azul have not been set. The indicators used are those already laid out for the OPs of the regions involved in its implementation. When there is a new operation that can contribute to ITI, this is highlighted in the system. An annual progress report, prepared by a technical secretariat in cooperation with the Commission for Coordination and Monitoring of ITI (see below), further offers a qualitative assessment and information on progress of the interventions.

Results will also be measured at the central level, which will assess the overall contribution and added value of the ITI. This will be included in the ERDF Evaluation Plan at the end of the programme period. It was decided not to add additional ones for the operations contributing to ITI. However, through the existing system, it is still possible to isolate output and outcome indicators of those interventions contributing to ITI. The rationale for creating this system was to avoid creating another layer of indicators and administrative procedures that could represent a burden for regional actors.

The added value of ITI includes: the adoption of an integrated approach to the marine and maritime economy domain; giving visibility to the Atlantic Strategy; and contributing towards attracting investments from the private sector in the blue economy.

Beyond specific indicators, the added value of ITI thus far has been an increased awareness and knowledge on the side of the Spanish 'Atlantic' regions of the EU Atlantic Strategy, which was already relevant for them, but also for other regions that were not necessarily familiar with the initiative. Further, an additional positive aspect has been the cooperation among the regions participating in the ITI as well as their growing awareness of having joint challenges and opportunities as Atlantic regions. Finally, the setting-up of the ITI Azul reinforced actors' awareness and thinking of cooperation and integration of investments: while investing in growth and employment, one can also contribute to the Atlantic Strategy.

Key challenges

At the regional level, it has been highlighted that one of the main challenges has been to identify, as closely as possible, the equivalence between the Atlantic Strategy objectives and the specific objectives of the funds. This refers to the ability to clearly identify and develop criteria and set benchmarks to assess which of the selected operations could contribute to ITI as well as which objective of the Atlantic Strategy it would most closely relate to. This was a challenging process that was essential for launching the implementation process.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

As far as ITI governance arrangements are concerned, a specific commission has been set up, namely the Commission for the Coordination and Monitoring of ITI. The DG for EU Funds, which is the managing authority of all ERDF OPs 2014-20, is the Chair of the Commission and is responsible for coordinating and following up the ITI progress, in close cooperation with the DG for Maritime Affairs and Fisheries. It is also the national contact point for the follow-up of the Atlantic Strategy. The commission is further composed of representatives of the Sub-directorate General for Cohesion Policy, the Sub-directorate General for the Management of the ERDF, Sub-directorate General for Territorial Cooperation and Urban Development and the intermediate bodies that implement the ERDF and ESF OPs for Andalusia, Asturias, Canary Islands, Cantabria, Galicia and the Basque Country.

Some of the key tasks that the commission carries out are as follows: it facilitates the necessary information to the DG for EU Funds to carry out the monitoring of ITI; it coordinates and elaborates the content of the annual reports of the different OPs as far as the aspects linked to ITI are concerned; it proposes updates of what is programmed in ITI;

and it informs the monitoring committees of each OP that contribute to ITI of progress in implementation and results. The progress reports are elaborated by a technical secretariat that has been newly established.

ITI is implemented at the regional level. Each regional programme has its own calls, and the regional authorities are responsible for selecting operations and reporting which of the projects selected they can be counted as contributing toward. When selecting operations, regions highlight those that contribute to ITI and that can be linked to the objectives laid out in Atlantic Strategy and its plan. There is no specific public call designed especially for the specific measures included in the action plan of the Atlantic Strategy. However, the central level has identified and facilitated relevant criteria for the identification of operations within the different funds that contribute to ITI and the measures laid out in the Atlantic Strategy.

The regional level monitors the operations in its OP, including those contributing to ITI. The commission set-up, at the same time, is responsible for monitoring, in a coordinated fashion, the implementation of ITI in the regions. The commission ensures that the regions clearly identify the operations contributing to ITI in the application system, so that the monitoring of operations within each OP can take place; that the operations selected at the regional level as contributing to ITI are in line with the Atlantic Strategy; that a specific monitoring of operations can take place through the related physical and financial indicators; and that the annual reports of each programme include a specific section on ITI Azul, offering an analysis of progress and its contribution.

Special implementation arrangements

The funds that contribute to the implementation of ITI are the ERDF and the EMFF. The OP European Territorial Cooperation might also contribute to ITI; however, it will not be possible to confirm this until projects are presented that can be counted as contributing to the ITI Azul.

Since the operations contributing to the ITI Azul are selected within the framework of each regional OP, at this stage it is not possible to single out which specific financing arrangements and approaches (e.g. CLLD) will be used.

Implementation progress

The implementation process, in terms of the selection of operations that contribute to the ITI Azul, has started (e.g. Galicia started selecting ERDF operations in 2015). Challenges identified at the regional level include the fact that, whereas it was originally envisaged in the OP that ITI would contribute to certain specific thematic objectives, it became apparent in the implementation process that other thematic objectives could also benefit. Initially, when the programme was elaborated, it was difficult to foresee whether, for example, research projects related to the marine and maritime field would be submitted.

Evaluation

The operations contributing to the ITI Azul within each regional OP will be evaluated as part of the latter. Regional authorities include a specific section devoted to ITI in each annual implementation report for each OP.

In addition, an annual progress report on monitoring ITI is produced by the technical secretariat in cooperation with the Commission for the Coordination and Monitoring of ITI. It contains information on: the operations implemented and the priorities and objectives of the Atlantic Strategy to which they contribute; the description of the operations approved, including overall funding and physical indicators associated with the latter; and a qualitative evaluation of progress (certified expenditure).

A specific evaluation of the ITI Azul will also be carried out at the central level in 2020 as envisaged in the evaluation plan of the OP.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Although it is still early in the implementation process, some of the lessons learnt or best practices as well as main challenges have been identified.

Firstly, the idea of developing ITI to contribute towards the objectives of the Atlantic Strategy has been considered to be innovative, and it has paved the way for other Member States bordering the Atlantic Ocean. In fact, Spain was the first Member State to use this approach.

France and Ireland have shown interest in this approach and are thinking of following a similar path. There were also several meetings between Spain and Portugal who, to some extent, followed the example set by Spain with the implementation of the ITI Azul.

Further, using ITI to contribute to the Atlantic Strategy was revealed to be particularly helpful, because it allowed the administrations to assess ex ante the operations contributing to the strategy and to monitor them. Doing this ex post would have required checking programme by programme, and potentially reviewing thousands of operations, to identify which interventions could contribute to the objectives laid out in the strategy.

Other positive aspects related to the possibility of contributing to different programmatic objectives while contributing to the Atlantic Strategy, thereby maximising the use of available resources. The involvement, participation process and awareness-building of regional actors with respect to the existence of the Atlantic Strategy and common challenges and opportunities have also been particularly successful.

To improve the implementation of ITI, the case of Galicia has highlighted that reprogramming is necessary to specify the contribution of the OP to ITI more precisely and to explain why it is necessary to include additional thematic objectives initially excluded within the ITI Azul.

Strategy fiche – Perchel-Lagunillas (Malaga), Spain

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Transition Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	50,000 – 100,000 inhabitants

The sustainable urban development strategy (SUD) Perchel-Lagunillas is implemented in the central area of Malaga located in the Autonomous Community of Andalusia. With a population of about 569,130 in 2015, Malaga is the second most-populous city of the region and the sixth-largest in Spain. In the 2000-07 period, the city experienced a relatively high level of economic growth (3.7 percent), following a similar pattern to that of the country average. While the years 2008 and 2009 were characterised by an economic slowdown and negative growth rates, 2012 showed signs of recovery from the economic crisis. The economy of the city has witnessed a marked transformation over the past decade, with the service sectors acquiring growing importance since 2000 (+16.7 percent). This change has been accompanied by a reduction in the weight of the construction sector and a growing importance of the tourism sector, with an increase of 109 percent in the number of tourists in 2012 compared to 2005. Overall, economic activities tend to be concentrated in the central area of the city, while outside the old city wall, towards the areas of Trinidad-Perchel, economic activity is largely absent.

Targeted areas

The SUD strategy of the city of Malaga encompasses three main areas of the city. The most central area targeted is the city's historic centre, about 149 hectares overall, which makes it relatively large. This, in turn, is divided into the Old City (the area that falls within the old Nazarí city walls), the Arrabales (the areas outside the city wall, north-east of the city), and the Ensanche Heredia, a neighbourhood located between the historic centre and the harbour and which was regained from the sea in the 19th century in order to expand the harbour. The second area targeted includes two historic neighbourhoods of the 18th and 19th centuries, respectively Trinidad and Perchel, located west of the Guadalmedina river. The third area is El Ejido, a neighbourhood of about 23.84 hectares located north of the Arrabales of the historic centre.

Another three areas included in the strategy and which are part of the urban morphology of the central area of the city are: the Guadalmedina river, which runs through the city and, as a result, has a direct impact on the image of the city centre; the Gibralfaro Mountain, one of the main green lungs of the city and where the homonymous castle is located; and the city harbour. The overall area covered by the strategy extends to about 264 hectares.

In the context of the implementation plan of the SUD strategy Perchel-Lagunillas, most interventions will be centred in the old Arrabales, from Ollerías to Lagunillas, in the neighbourhoods of Trinidad, Perchel North and El Ejido.

Challenges and objectives

The main development challenges identified are shared by a group of neighbourhoods called Lagunillas – this is a long street that separates them and which gives the name to the strategy. These neighbourhoods, located north of the historic centre, all share high rates of both physical (such as abandoned buildings, roads and squares in need of renovation) and social deterioration (high unemployment rates, social exclusion, low schooling levels). The process of decline started here in the first half of the 20th century as a result of the deindustrialisation process and is visible in the deterioration of buildings, the high levels of social exclusion, lack of commercial activity, illegal use of public spaces (e.g. illegal parking lots) and environmental hygiene problems.

The areas targeted by the strategy were selected on the basis of the social and economic challenges faced as well as their shared need for urban regeneration and renovation. The SUD strategy addresses the following areas: e-Administration and the Smart City, the improvement of mobility and energy efficiency, interventions to boost tourism and recuperate cultural and architectural areas, the improvement of degraded areas and the fight against social exclusion and vulnerability.

The main objective of the strategy is to contrast the physical degradation of the historic neighbourhoods adjacent to the city centre and to create sustainable conditions of economic activity and employment that would help foster social cohesion in areas with extremely high levels of unemployment and vulnerability.

In the Old City area, the objective is to make living in this area comfortable again, to reduce the migration of residents to other areas of the city, and to encourage people, especially young people, to live in this area. In the case of the Guadalmedina river, the objective is to revitalise all the surrounding areas, as this has a direct impact on the image of the city, and also to improve internal and overall city mobility. Finally, the objectives include the need to reconcile the city's natural and historical heritage (Gibralfaro Mountain) and to increase the mobility for pedestrians from the centre to the harbour, as well as improving the harbour's integration with the city.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2c		4e		6c, 6e			9b		

Rationale and added value of the strategy

The added value of the strategy lies in it being to some extent a continuation of – and very much integrated with – the urban strategies carried out over the years by the city. In fact, the city has been working on the historic centre area since 1994. In particular, until 2006, and including part of URBAN 2007-13, most interventions tended to focus on the Old City centre area (within the old city walls). This was due to the level of degradation reached by this area in the 1990s and which was made all the more pressing due to the concentration of the city's historical heritage in this area. The urban renovation that started in the 1990s partially transformed the degraded image of the area, particularly the central area of the Old City.

With URBAN 2007-13, the interventions left the Old City and moved south to where, next to the harbour, the Ensanche Heredia is located. In the division of work agreed between the autonomous community and the municipal level, this area was to be targeted by the regional government. However, due to the economic crisis and other circumstances, the municipality also had to start investing in this area.

From 2007-13, interventions also started targeting the area north of the Old City, in the Arrabales external to the Old City walls. However, due to the lack of resources, the area of Perchel-Lagunillas has not been at the centre of interventions. This is visible if one

contrasts the attractive and bustling city centre with the more degraded area outside the Old City walls, entering the Arrabales on the street Carretera, towards Ollerias, La Cruz Verde or Lagunillas, which is characterised by the presence of abandoned/ruined buildings and a large share of socially excluded population.

With Perchel-Lagunillas, it will become possible to focus specifically on the area to the north of the old town. This to some extent leads to the end of the interventions in the Old City, which no longer faces challenges such as the lack of services and has shifted to new ones.

Implementation mechanisms

The SUD Perchel-Lagunillas is implemented through the contribution of the national ERDF OP Sustainable Growth 2014-20 (*Programa Operativo de Crecimiento Sostenible, POCS*). In particular, the OP focuses on five priority axes, including one devoted to technical assistance. The second priority axis, called Axis 12 'Sustainable and Integrated Urban Development' (*Desarrollo Urbano Integrado y Sostenible, Eje 12*), allocates 12.8 percent of its total (€1,000 million) to the development of integrated urban projects.

Funding arrangements

The total allocation to the strategy is €18.75 million. A total of €15 million is assigned to the city, as this conforms to the criteria of being a city or functional area with more than 50,000 inhabitants. The applicable co-funding rate equals 80 percent, reflecting the category under which the autonomous community of Andalusia falls. In Spain, the co-funding rate depends on the development status of the autonomous communities: both less developed and transition regions have a co-funding rate of 80 percent. This means that Malaga will contribute to the strategy with an overall funding budget of €3.75 million. The funds are received from the city council budget, but it has been highlighted that, as in the case of previous initiatives, the SUD strategy could potentially attract private investments in the area in future.

Type fund	Name fund	Amount
ESIF	ERDF	€ 15 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	City council budget	€ 3.75 million
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

For the development of the SUD strategy, the Malaga City Council, the lead organisation in the design process, involved a wide range of actors in order to gather ideas and proposals

that could enrich the strategy. To this end, several sectoral and transversal meetings were organised among representatives of the municipal departments (areas) and bodies within the territory targeted by the strategy. These included: the Urban Environment Observatory (OMAU), the Urban Planning Management Office, the Institute for Housing, the municipal departments of Social Welfare, Civic Participation, Mobility, Accessibility, Environment, and Productive Economy, the Employment Institute (INFE), the Municipal Transport Company (EMT), Promálaga (municipal company promoting business, job creation, wellbeing and wealth in the city) and the municipal Centre for Information Technology (EMI). The different areas contributed to the strategy design process with data and suggestions that were used for the socio-economic and environmental analysis as well as for the elaboration of the implementation measures. The city council did not use technical assistants or consultants to draft the strategy.

This cooperative and participatory approach aimed at ensuring that the different areas and municipal bodies shared common objectives and worked together in the same direction, allowing the creation of synergies whilst maximising the chances of success and impact of the strategy.

This stage further benefited from the input and active participation of the socio-economic partners active in the area targeted by the strategy, such as local neighbourhood and business groups. These actors participated in several working meetings and contributed to the identification of strategic measures for each thematic objective as well as to the drafting of the implementation plan. Citizens contributed to the design of the strategy through their participation in events or through social networks and platforms.

The design process was also facilitated by the existence of guidelines provided by the central level, as well as through the Network for Urban Initiatives (RIU). This is a sectoral network established in the context of the National Strategic Reference Framework as the central mechanism of coordination in the field of urban development and EU funds. For the SUD strategy, the DG for EU funds (*Dirección General de Fondos Comunitarios*) offered much more detailed guidelines compared to the ones given in the context of other programmes in the past. For example, it clearly defined the level of intervention of each TO (e.g. the level of expenditure for each TO).

The guidelines laid out at the European level in the framework of the URBAN projects were also considered helpful in facilitating the application process.

Consultation process

The consultation process played an important role in the design of the strategy as well as in subsequent stages. Meetings among the areas and municipal bodies were used to debate on different aspects of the strategy and will be followed by meetings to be held every three months with a view to following up on progress with the strategy. Thematic meetings are also organised to discuss specific issues that might emerge in the implementation stage and for which experts might be invited to contribute to the discussion.

The city council also involved stakeholders active in the area by giving them the opportunity to contribute and add to a draft version of the strategy and through the organisation of sectoral meetings. Actors involved in this stage ranged from neighbourhood associations and professional groups (engineers, lawyers, economists, etc.) to associations of business groups (traditional commerce, hospitality industry, etc.). Citizens could also engage in this stage through the use of web platforms and social networks. Overall, since September 2015, the city council has been in contact with 493 associations and groups to participate in the development of the strategy.

This participatory approach will be maintained during the implementation stage through the organisation of an annual assembly in which citizens can evaluate the strategy and offer proposals for change. Web platforms, social network and other communication tools will be used to disseminate findings and inform on progress made. The setting-up of specific working groups will be held in parallel with the selection of operations.

Overall, the influence of the consultation process on the design of the strategy is considered high, also in light of the participatory mechanism taking place in the context of Agenda 21 and previous documents that informed the drafting of the integrated urban strategy.

Links to domestic pre-existing strategies

The strategy builds on existing planning documents and tools. The most prominent one is the Urban Agenda (Agenda 21), which was identified in the Association Agreement Spain-EU 2014-2020 as the strategic reference framework of the city, connecting all the different existing sectoral plans. The Urban Agenda seeks to integrate all the different activities and actions implemented in the city area in order to give them global cohesion and act as a reference framework in the short-to-medium term. It encompasses different areas: territory, the management of natural resources, economy and social cohesion, and governance and citizen participation.

The SUD strategy is hierarchically linked to the Urban Agenda and to other additional sectoral projects and plans. These, in turn, were the result of participatory processes. This has largely facilitated the partnership process in the design stage of the strategy, as different actors have cooperated and worked together in different instances.

The city has a long experience in implementing integrated urban strategies, starting with Urban I (the URBAN Initiative 1994-99) and projects within the OP Local Environment (POMAL). Both programmes dealt in an integrated way with urban environment issues, including interventions of renovation, rehabilitation of green spaces and urban areas and incentives to local businesses.

In 2000-2006, the Cohesion Fund and Local OP supported projects involving the treatment of solid urban waste and water waste as well as other urban interventions. In 2007-13, Malaga was a beneficiary of the URBAN Initiative, developed in the context of the PEPRI Centro, and four best practices of ERDF-co-funded projects were selected; in the context of the European Territorial Cooperation Programme, specifically of the Mediterranean Programme, different projects were implemented in the urban domain (GAT-MED; ELIH-MED; URBAN EMPATHY). In 2012-2014, the URBACT Programme was carried out in cooperation with other European cities with the elaboration of two projects, namely URBACT User and URBACT Reblock. These projects developed a Local Action Plan in the neighbourhoods of Palmilla and South Trinidad and North Perchel. Furthermore, the SUDOE Programme (ETC) of the Southwest of Europe, called Mi Ciudad AC2, led to a project on urban regeneration in the Ejido neighbourhood. Finally, the project Civitas 2MOVE2 was implemented to improve urban mobility.

Overall, the SUD strategy represents a continuation from previous integrated interventions, and it is to a large extent embedded in the domestic and autonomous community policies through the overarching Agenda 21.

Measuring the effectiveness and added value of the strategy

The point of departure was the system of indicators already developed in the context of the Urban Agenda of the city, which established 128 indicators for the area.

The integrated strategy prepared by the city of Malaga lays out the expected outcomes on the basis of the analysis and diagnosis carried out and in coherence with Agenda 21 and EU Cohesion policy, specifically in its support for an urban integrated model for territorial, environmental, social and economic issues. Summarised in a list of expected results, their quantification includes current value and target objectives to be reached by December 2022.

The reference points for the result and productivity indicators have been identified and laid out in the Urban Axis of the national OP Sustainable Growth (Annexes III and VIII) to which SUD strategies are connected. Since each result indicator is associated with a specific objective, the SUD strategies need to quantify each objective's indicators.

The OP Sustainable Growth defined an Action Plan that identified 31 December 2016 as the target date by which to provide the European Commission with the quantification of the results indicators for the Sustainable Urban Development Axis and the identification of the relevant data sources.

The productivity and result indicators specific to the SUD strategy are useful for assessing the evolution of the programme (starting point and results). However, Malaga has also complemented these indicators with those of the city's Urban Agenda. By doing so, it becomes possible to connect the progress made by the strategy under the different themes to the to the city's overarching Urban Agenda.

Key challenges

No major challenges have been highlighted at this stage. However, there has been a change in the SUD strategy compared to the past (e.g. URBAN). In particular, the management stage of the SUD strategy is more burdensome, as some of its processes are less streamlined and more bureaucratic compared to URBAN. This might represent a challenge for small and medium-sized cities. However, in the light of its previous experience with the management of urban projects, it has been relatively easy for Malaga to adapt to SUD strategies.

Whereas it is relatively straightforward to assess the extent to which certain operations contribute to European objectives (e.g. those in the domains of e-administration, ICT, improvements in infrastructure, etc.), it is more difficult for other operations. This is the case for initiatives included under TO9, where the urban dimension is linked to themes such as social exclusion, poverty and unemployment.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The MA is the sub-directorate general for the management of the ERDF and the DG for European Funds. The Sub-directorate General for Territorial Cooperation and Urban Development of the DG for European Funds and the Sub-directorate General for Local Cooperation and the DG for Coordination of Competences with the Autonomous Communities and Local Authorities will be the IBs for the management of the strategies (*Organismos Intermedios de Gestión*). The latter is responsible for the regular monitoring of progress in the strategies.

The city council is responsible for the drafting of the strategy and, if this is approved, it takes on the role of intermediate body (IB) only as far as the selection of operations is concerned. It is also responsible for the preparation of a draft proposal of the operations' selection criteria, in coordination with the managing authority. This has to be approved by the monitoring committee (*Comité de Seguimiento*). However, the selection criteria also need to be in line with the general principles laid out in Articles 7 and 8 of EU Regulation 1303/13 (antidiscrimination, gender equality, sustainable development) and comply with EU and national legislation (Article 6 of the above regulation). The urban authority selects the operations contributing to the strategy, while the MA supervises the eligibility of operations.

In Malaga, different actors participate in the selection of operations, from the social and economic partners to authorities of the different areas. Criteria for the selection of operations include the assessment of whether operations are coherent with the objectives and challenges included in the strategy, whether they are in line with the TOs laid out, and their added value. At the same time, operations opposed by certain stakeholders (e.g. a proposal to create a road might be opposed by shopkeepers) are discarded.

Special implementation arrangements

The territorial strategy is not funded by multiple ESI Funds. Its source of funding is the ERDF OP Sustainable Growth. The strategy does not envisage the use of financial

instruments as part of the implementation arrangements. Community-Led Local Development is not used as part of the strategy.

Implementation progress

The implementation process, in terms of the selection of operations that contribute to the Perchel-Lagunillas strategy, has not yet started. However, it is due to start in March/April 2017. The city is in the process of sending the fiche with the operations, associated indicators and additional relevant documents to the ministry. It is expected that the latter will approve it between March and April. Thus, the implementation stage is expected to start in May 2017.

Evaluation

In the context of the Urban Axis of the OP Sustainable Growth, the model adopted for the evaluation of the SUD strategies is a mixed one. The local authorities can carry out their own evaluation of the strategies, while at the same time the strategies will be grouped on the basis of their sectoral content and objectives, and a common evaluation will be carried out by the Sub-directorate for Programming and Evaluation with the cooperation of local authorities.

The strategy will be evaluated as part of the general evaluation of the OP Sustainable Growth. The evaluation plans of the OP will include the evaluation of the results obtained from the SUD strategies.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Respondents commented that it is perhaps too early to establish lessons learned or good practice at this stage, as the implementation process has not yet started.

However, a positive aspect cited was the citizen participation and involvement in the development stage of the strategy. However, this is something that was developed over time as part of the implementation of previous programmes.

Strategy fiche – Eje del Besòs (Barcelona), Spain

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	A specific part of an urban area (district, neighbourhood)
Planning horizon	2020
Is the strategy new?	Existed but substantially adapted
Size of town/city	1,000,000 - 5,000,000 inhabitants

Located in north-east Spain, Barcelona is a Mediterranean port city and the capital of the Autonomous Community of Catalonia. It is the second-largest city in Spain after Madrid, with an overall extension of 99.07 km². Over 1.5 million people live in the municipality, while more than 4 million live in the metropolitan region. Two official languages are spoken in Barcelona, namely Catalan and Castilian Spanish. The city is located on a plain between the Collserola mountain range and the sea, and between the Besòs River to the north, and the Llobregat to the south.

Whereas the population in Barcelona reached a peak in 1974, with a population of about 1.8 million, it has steadily fallen since due to a combination of reduced birth rates and emigration to surrounding towns in connection with the relocation of industry to the peripheral areas, more accessible housing prices outside the city centre, and improvements in transport infrastructure.

While Barcelona continues to have an important industrial and commercial component, it has to a large extent followed the trend of Western European cities towards 'terciarization'. In the distribution of added value by sector, the outstanding sectors were the collective services of education, health and social services (in 2012 this accounted for 11.9 percent of the total), followed by commerce and repairs (11.7 percent), services to companies (11.3 percent), hotels and catering (9.1 percent) and information and communication (7.3 percent). In the industrial sector, the particularly outstanding clusters are automobiles (Catalonia is one of the largest manufacturers in Europe), pharmaceuticals and chemicals, food and drink, electrical materials and equipment, paper and graphic arts, and waste treatment.

In 2013, Catalonia generated GDP of €209,282 million, representing 19.8 percent of total Spanish GDP. In 2014, per capita GDP was 15 percent higher than the European Union average (Barcelona City Council, 2015).

Targeted areas

The SUD strategy is implemented in the 'Eje Besòs', the urban fringe which borders the riverbed of the Besòs River, north-east of the city. In particular, it targets 10 neighbourhoods located in this area and which are administratively divided in three groups: Noubarris (Valbona, Ciutat Meridiana, Torre Baró, Roquetes, Trinitat Nova), Sant Andreu (Trinitat Vella, Baró de Viver, Bon Pastor), San Martí (Verneda-La Pau, Maresme-Besòs). Overall, 111,271 people live in the area and are, thus, potential beneficiaries of the integrated urban strategy. The strategy is implemented in this area on account of the serious socio-economic challenges faced by the above 10 neighbourhoods, which sets them apart from the city average. They include, amongst others, high unemployment levels, school failure and high drop-out rates, and low family income levels.

These areas were selected on the basis of their ranking according to a number of socio-economic indicators, which show that they lag behind compared to all other areas of the city. In particular, the methodology used sought to identify those neighbourhoods which displayed the highest levels of inequality as compared to the city average. On the basis of the specific challenges identified in the different neighbourhoods targeted by the strategy, some interventions will target the whole area while others will be narrower in scope, targeting a specific neighbourhood or residential area.

Challenges and objectives

The identification of the main challenges in the three districts is based on citizens’ and experts’ assessments, statistical municipal indicators, and existing municipal plans and strategies. Through these sources, it has been possible to justify and quantify the main challenges faced by this area. Some of the main challenges identified in the three districts fall under the following headings: economy, mobility, social and demographic change. As far as the economic dimension is concerned, the problems derived from the lack of employment are the predominant ones. It is difficult to set up commercial activities in this area due to the urbanistic features of the neighbourhoods characterised by housing complexes that were built without contemplating a space for commercial activities. Under mobility, detected challenges include poor connections with nearby neighbourhoods, with the city and the river. Related to the economic dimension, some of the main social challenges identified include the low levels of schooling of the residents, which has made them more vulnerable to the economic crisis, with a lower level of employability. Unemployment, in turn, had led to low incomes. Together, the above circumstances have led to higher levels of social exclusion. Additional social problems include high school drop-out rates, high number of teenage pregnancies (between 15 and 19 years of ages) and high overall material deprivation. Demographically, the area is characterised by a much lower presence of elderly people as compared to the city average, probably linked to a number of them leaving after retirement, and high levels of household crowding (more than seven occupants in the same household). There is, however, some variation in the intensity and combination of the above dimensions in the different neighbourhoods targeted by the strategy.

The overall objective of the SUD strategy is to reduce the social and urban inequality levels present in the three districts and to achieve more equity among citizens when it comes to accessing democratic and universal rights. The strategy further aims to transform the area into a key supporting axis and pole of attraction, giving a new impulse to the urban fabric present on both sides of the river. Specific objectives include: the reduction of school drop-out rates, lower unemployment rates, improved household income and residents’ quality of life and reduced number of people at risk of social exclusion. It further aims to boost economic development in the area based on local commerce, technology and the transition to a circular economy.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2c		4e		6e, 6c			9b		

Rationale and added value of the strategy

The selection of this area is justified on the basis of the recent elaboration of a Pilot Strategic Plan for integrated social intervention in the Franja Besòs. This is further complemented and supported by citizens’ perception of the challenges facing the city, as well as by the high number of basic indicators revealing the extent of inequalities present in this area as compared to the city average. The rationale behind the development of the strategy is also linked to the awareness that inequality problems tend to grow year after year, leading to further divergence in developmental levels with the rest of the city. This is because issues such as unemployment, high school drop-out rates and low household incomes tend to worsen over time. This means it becomes more difficult to catch up with

the rest of the city, thereby creating a separate city within the city in which opportunities and universal rights are not equally accessible to all.

Beyond experts' and citizens' support for the development of the strategy in this area, the political component was also central. The reduction of inequality and ensuring equal access to universal rights scored high on the political and electoral programme agenda in the city. The social challenges that the SUD strategy seeks to tackle are in line with the direction given by the political level and the plans laid out for the next four years. Political will has been identified as a central factor for the development of the strategy as well as for the coherence of the latter with the broader agenda of the city for the years ahead. Together with the objectives that the strategy aims to achieve, an additional added value of the strategy lies in the fact that its interventions tend to have a more social component when compared to previously developed strategies.

Implementation mechanisms

The SUD 'Eje Besos' is implemented through the contribution of the national ERDF OP Sustainable Growth 2014-20. In particular, Axis 12 'Sustainable and Integrated Urban Development' allocates 12.8 percent of its total (€1,000 million) to the development of integrated urban projects.

Funding arrangements

The SUD strategy has been assigned an overall allocation of €30 million. A total of €15 million are funded by the ERDF OP Sustainable Growth, while the additional €15 million is provided by Barcelona City Council.

Type fund	Name fund	Amount
ESIF	ERDF	€ 15 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Barcelona City Council	€ 15 million
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The SUD strategy builds on three previously developed plans that were used as a starting point for the drafting of the strategy, in the light of the common objectives. They comprise: the Shared Strategy for a More Inclusive Barcelona (*Estrategía compartida para una Barcelona más inclusiva*), Civic Engagement for the Sustainability of Barcelona 2012-2022 (*Compromiso Ciudadano por la Sostenibilidad de Barcelona 2012-2020*) and the Mobility

Pact (*Pacto de Movilidad*). In the process of drafting the strategy, it was decided to draw upon the above documents rather than creating a completely new one.

Having defined the Shared Strategy at the broader city level, its implementation at the territorial level, specifically in the Besòs axis, was agreed with the districts targeted by the strategy, namely Sant Martí, Sant Andreu and Nou Barris. In the design process, the strategy adopted was to operate on two different levels. At the macro level, the Barcelona City Council, the lead actor in the design process, organised several meetings involving different city council areas and thematic experts. This process resulted in the identification of the main challenges faced by the area and proposals for intervention. At the same time, the territorial level played a central role in the design process. The city council invited the three districts' managers to complete specific fiches in which they were asked about how they would use the available funding, as well as about the key neighbourhoods' demands.

In the drafting process, the guidelines provided by the DG for EU Funds (*Dirección General de Fondos Comunitarios*) helped in clarifying which specific thematic objectives should be tackled as well as the overarching objective of the OP in which SUD strategies are embedded. Further, at a more technical level, it was pointed out that the guidelines provided by the central level on how to structure the strategy document (e.g. indicators, SWOT analysis, etc.) were also helpful.

Consultation process

The SUD strategy design took into account the results of citizen participation as well as the input offered by the main economic, social and institutional actors active in the area. In particular, the strategy drew on two previously designed strategies, as well as other initiatives. These, in turn, brought together a high number of actors, such as NGOs, businesses associations, universities, trade unions, representative of public and private interests and political groups, amongst others. In more detail, in the case of the Shared Strategy for a More Inclusive Barcelona, this included the participation of an assembly composed of 603 different economic, social and cultural actors, a governing board, chaired by the city council and an executive commission. The elaboration of the Civic Engagement for the Sustainability of Barcelona, brought together over 800 organisations including NGOs, business organisations, universities, trade unions, public institutions and political groups. Finally, the Mobility Pact is based on the agreement of about 30 entities and civic organisations together with Barcelona City Council.

In the specific context of the SUD strategy, the consultation process involved several meetings in the different municipal areas, involving the Institute of Information Technology, the Department of Urban Environment, Economic Development and Social Rights, as well as experts in specific thematic areas. The representatives of the three districts targeted by the strategy were also consulted and actively involved in the drafting of the strategy. Citizens' perceptions of the most pressing challenges in the city were captured through the municipal barometer.

Links to domestic pre-existing strategies

The city of Barcelona has long experience in terms of implementing integrated urban strategies. In Catalonia, there is a specific law, called Neighbourhoods Law (*Ley de Barrios*), which was approved by the Catalan Government (or *Generalitat de Catalunya*) in 2004 (Law 2/2004). This has the objective of promoting a global transformation in those neighbourhoods that require special attention, in order to combat their degradation, improve the quality of life of its residents and promote social cohesion. The Generalitat creates a fund for the above programme and every year it publishes a public call open to all regional municipalities who wish to carry out integrated regeneration projects in one of the neighbourhoods of their municipal areas. If selected, projects receive funding which can range from 50 to 70 percent of the total project cost.

The projects implemented in the context of this law have to target the problems faced by the neighbourhoods in an integrated manner, simultaneously addressing all the different challenges faced.

In addition, the SUD strategy is in continuity with previously developed initiatives. In particular, it largely draws on the Shared Strategy for a More Inclusive Barcelona (*Estrategia compartida para una Barcelona más inclusiva*), Civic Engagement for the Sustainability of Barcelona 2012-2022 (*Compromiso Ciudadano por la Sostenibilidad de Barcelona 2012-2020*) and the Mobility Pact (*Pacto de Movilidad*).

For instance, in the 2007-13 programme period, the municipal company BAGURSA coordinated the implementation of the urban project Urbana Trinitat Nova, implemented by the Nou Barris district. Additional European projects implemented by the city of Barcelona include: City SDK, DC4 Cities, iCity, GrowSmarter, URBES Urban Biodiversity and Ecosystem Services, EU Cities Adapt, etc. The city is also an active member of international networks such as the European Sustainable Cities and Towns Campaign, EU Core Net Cities, Local Governments for Sustainability (ICLEI), amongst others.

Measuring the effectiveness and added value of the strategy

The reference points for the result and productivity indicators are those which have been identified and laid out in the national OP Sustainable Growth, Urban Axis (Annex III and VIII), to which the SUD strategies are connected. Thus, result indicators have been defined in the context of the OP for the urban axis for each specific objective. Since each result indicator is associated with a specific objective, the SUD strategies need to quantify the indicators for each specific objective.

The OP Sustainable Growth in which SUD strategies are integrated, has defined an Action Plan, according to which it must have provided the European Commission before 31 December 2016 with the finalised target goals for each indicator for the Sustainable Urban Development Axis and the identification of the relevant data sources.

Since the strategy 'Eje Besòs' only targets a specific area of the city, it is difficult to assess the extent to which interventions contribute to wider national and European objectives such as Europe2020.

Key challenges

No major challenges have been identified as far as the drafting process is concerned. It has been highlighted that while the formal approval process for the strategy required an excessive amount of time (from the first selection of the strategy to formal approval), the city was under pressure to facilitate an updated version of the productive and results indicators, having been given only two weeks to do so. Further, in only two months it had to have the Manual for the Operations (*Manual de Operaciones*) ready in order for this to be amended/approved by the central level. Therefore, it was pointed out that this process was too long and bureaucratic, and it was further slowed down by the lack of government at the national level.

In addition, with the new programme period, there have been a number of changes in regulations at the EU level that are considered to be challenging. For example, it was pointed out that it requires time to adapt to changes, specifically to complex ones as in the case of the anti-fraud rules. It was suggested that changes could be gradually introduced so that municipalities would have time to adapt. Changes to important processes, such as the anti-fraud, should take place gradually to ensure things are done correctly and to avoid placing an excessive burden on municipalities. It was noticed that, while the central level helps by issuing guidelines and clarifying methodologies, it is the municipal level that is under pressure to implement the changes in an excessively short time. The same issue applies to the theme of the indicators. While the central level has developed many, the city council finds that there are only a few that are relevant for the SUD strategy. It is not clear which ones should be chosen or if they are representative of the operations to be implemented in the context of the strategy.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The MA is the sub-directorate general for the management of the ERDF and the DG for European Funds. Beyond launching the call and selecting the SUD strategies, its role is to supervise the eligibility of operations. The other main responsibilities have been delegated to the IBs.

The Sub-directorate General for Territorial Cooperation and Urban Development of the DG for European Funds and the Sub-directorate General for Local Cooperation and the DG for Coordination of Competences with the Autonomous Communities and Local Authorities, which are all national-level bodies, will be the IBs for the management of the strategies (*Organismos Intermedios de Gestión*). The latter is responsible for the regular monitoring of the strategies' progress.

Barcelona City Council is responsible for drafting the SUD strategy and, if this is approved, it takes on the role of intermediate body (IB) only as far as the selection of operations is concerned. It is also responsible for the preparation of a draft proposal of project selection criteria, in coordination with the managing authority. This has to be approved by the monitoring committee (*Comité de Seguimiento*). However, the selection criteria also need to be in line with the general principles laid out in Articles 7 and 8 of EU Reg.1303/13 (anti-discrimination, gender equality, sustainable development) and comply with EU and national legislation (Article 6 of the above regulation). The local level selects the operations contributing to the strategy, while the MA supervises the eligibility of operations. It can intervene if the selected operations do not meet the eligibility criteria.

For the SUD strategy 'Eje Besòs', the local authority responsibility for selecting operations is with the Directorate for Investments (*Dirección de Inversiones*) of Barcelona City Council. However, there will be some 'competition' among the different city council actors. There will be ad-hoc meetings where different city council actors will participate and decide on which operations will be chosen. The Directorate for Investment eventually selects the operations in light of the fact that it is not involved in the later process in the management stage of the strategy. The coordination of the management process falls under the responsibility of the Area for the Urban Environment (*Área Ecología Urbana*). The selection criteria were developed specifically for the strategy, and they include the assessment of whether operations are coherent with the objectives and challenges in the strategy, and whether they are in line with the TOs, as well as their added value.

Special implementation arrangements

The territorial strategy is not funded by multiple ESI Funds. Its source of funding is the ERDF OP Sustainable Growth. The strategy does not envisage the use of financial instruments as part of the implementation arrangements. Community-Led Local Development is not used as part of the strategy.

Implementation progress

The selection of operations has not started due to an overall slow bureaucratic selection process. While Barcelona presented the strategy in January 2016, it had to wait until December 2016 to have its strategy formally approved (beforehand, it was only a 'provisional beneficiary'). This means that, before this time, the city could not start with the selection of operations.

Evaluation

At the moment, the city does not plan to carry out a specific evaluation of the SUD strategy. However, SUD strategies in Spain will be grouped on the basis of their sectoral content and objectives and a common evaluation will be carried out from the Sub-directorate for Programming and Evaluation with the cooperation of local authorities.

The strategy will be evaluated as part of the general evaluation of the OP Sustainable Growth. the 'Evaluation of the results obtained from the SUD strategies' will be included in the evaluation plans of the OP.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The city has learned from previous experience in the integrated urban development domain, particularly through the projects implemented in the context of the 'Ley de Barrios', and it has translated this knowledge in the context of the SUD strategy. In particular, one of the key lessons learned is that to start complex and relatively large projects of this type one needs a relatively large initial investment. Before the first results become visible, time is needed: a year can go by before results become visible. For this reason, the strategy adopted by the city has been 'stage zero', in which operations already in the pipeline that can contribute to the strategy are selected. This helps the city council to start with the implementation process and, in the meantime, to prepare new projects that can be carried out later. This strategy has also been adopted in the case of the SUD strategy to speed up processes and avoid further delays.

The strategy-drafting process is considered to be good practice: the city council has had to work in a more horizontal way, involving a number of different actors, rather than in a hierarchical and vertical way. In particular, the interventions proposed by all the different areas of the municipality, if in line with the objectives of the SUD strategy, were taken into account. Therefore, the methodology of drafting the project is already considered to be good practice because it brought together different actors that enriched the strategy.

Strategy fiche – Six City Strategy, Finland

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	A network of cities
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	1,000,000 - 5,000,000 inhabitants

The 'Six City Strategy' covers the six largest cities in Finland (Helsinki, Espoo, Vantaa, Oulu, Tampere and Turku). They have a nationally important role, representing 30 percent of the total population and providing the nodes for R&D&I activities in Finland.

Targeted areas

The strategy is based on solutions-oriented thematic collaboration rather than on the geographical area. Therefore, it targets the cities in their entirety rather than specific areas within the cities. All projects of the strategy involve operators from at least two cities.

Challenges and objectives

The cities share many common challenges, which are best tackled together. For instance, the public service provision is under continuous pressure to improve its costs and efficiencies. At the same time, there are also opportunities for firms to develop new business activities and to export products. The six cities cooperating under the Six City Strategy aim to respond to these challenges and opportunities. They aim to improve services and the competitiveness of businesses in their areas, as well as to utilise the innovation capacity that exists in the urban community. This is addressed through three priorities: open innovation platforms; open data and interfaces; and open participation and customership. Together, the cities are large enough to serve as a world-class reference site.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF	1a, 1b			4f							
ESF								8i	9i		

Rationale and added value of the strategy

The starting point for the Six City Strategy was the demand to earmark 5 percent of ESIF for the purposes of SUD. However, more importantly, in a country such as Finland it is important that cities network due to the small population base. Together, the six cities form a comparatively large area in an international context. Hence, the aim of the strategy is to use the largest urban regions as development environments for new innovations, which will strengthen the competitiveness of the entire country. The adopted measures will increase productivity of the participating cities and the public sector across the country, as the new operational models are available to use by all cities and municipalities.

Implementation mechanisms

The strategy is implemented through ITI in the context of a single national OP. Funding is drawn from both ERDF and ESF.

Funding arrangements

The projects of the Six City Strategy are funded through ERDF and ESF. C. €80 million of ERDF and state co-financing has been earmarked for implementation. Funding is allocated as grants and co-financing is provided by the state (17 percent), municipalities and other public sources (33 percent). ESF funding is not earmarked, but is decided at the regional management committees as part of the implementation plan of their regional strategic programmes. The regional management committee is responsible for coordinating ESIF activity in the region. It includes representatives of different confederations, businesses, regional authorities and the largest municipalities. In 2016, a total of €828,000 was budgeted under ESF.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 39,459,812
	ESF	€ 828,000 per annum (2016)
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	State and other public co-financing	17 percent and 33 percent from state and other public co-financing respectively
	Tekes funding	
Other (e.g. EIB)	-	

In 2015, €852,000, and in 2017, €965,000. In 2017, the ESF amount is slightly higher as the figure includes anticipated performance reserve.

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

In 2014, the Ministry of Economic Affairs and Employment launched a competitive tender for ITI strategies. The proposals were requested from large cities together with their domestic growth agreements. (The state pursues cooperation through growth agreements with cities, growth corridors or thematic city networks with the view of strengthening business growth and competitiveness. The current growth agreements are made for the period of 2016-2018). The idea behind the joint process was to strengthen the links between domestic regional and urban policy and EU Cohesion policy. The ministry received two proposals; the strategy for the six largest cities (i.e. Helsinki, Espoo, Vantaa, Oulu, Tampere and Turku) was selected due to its innovativeness and its alignment with the OP's objectives.

Although the ministry initiated the tendering process, the strategy design was largely city-led. In the case of the six cities, the discussions of a joint strategy took place prior to the tendering process. Once the competitive tender was opened, the writing process was initiated under the lead of Forum Virium Helsinki (an innovation unit within the Helsinki City organisation) and with active participation by the cities. The cities organised various discussion rounds during which the strategy content was discussed. These discussions included at least one or two representatives from each city as well as Forum Virium Helsinki. The submitted strategy was available for comments in each city and jointly approved before its submission to the ministry. The initial version of the strategy was very broad, but it was fine-tuned following formal approval.

Consultation process

No public consultation process was organised. The strategy was available for comments in each city prior to its submission to the Ministry of Economic Affairs and Employment.

Links to domestic pre-existing strategies

Although the six largest cities have networked in the past, this has taken place at the level of the city secretariats or in relation to specific themes (e.g. social and employment issues) rather than in a formalised operational manner. Hence, the Six City Strategy is new in a sense that it provides a formalised tool for all the cities to cooperate at an operational level and to become more involved in ESIF implementation, not least due to the earmarking of ERDF and the delegation of responsibilities (e.g. through the Six City Strategy's management group).

Measuring the effectiveness and added value of the strategy

The strategy forms a part of the implementation of the OP and hence it relies on the indicators and targets set out in the OP. Some of these indicators are city-related (e.g. 'businesses cooperating with cities in an innovation environment' and 'innovation platforms'). The management group and the IB are together responsible for monitoring the strategy, with meetings organised every six months to discuss the progress of funding and other indicator data. The progress is monitored at the strategy and project level. Project-level monitoring takes place in the project steering groups, with representation of the IB.

The added value of the strategy is not explicitly measured. However, the added value of the strategy is that it represents a new type of operational cooperation between the six cities, which has emerged from their needs (i.e. joint interests and measures). The starting point was that the strategy would not just entail one or two cities, but multiple cities across Finland. It is a significant instrument, not least in terms of representing a world-class reference value, but also financially. In addition, the instrument is perceived to be valuable as it promotes cooperation with businesses and strives to achieve other objectives such as competitiveness and growth.

The funded projects need to be in line with the strategy and the OP. The Ministry of Economic Affairs and Employment and the Regional Council of Helsinki-Uusimaa cooperate closely in order to ensure that the strategy meets the requirements set out in the OP, including objectives such as those related to low-carbon economy.

At the national and EU levels, the Six City Strategy is expected to lead to good practices, particularly in terms of broader cooperation and networking. The expected result is that businesses in particular are able to develop their activities and benefit from the strategy.

Key challenges

There have been some challenges to ensure that the cities 'understand' how to align the implementation of the strategy so that it contributes to the overall objectives of the OP. This happened particularly during the strategy's design process. For instance, the theme of 'open participation' did not initially fit well with the ERDF funding, and this needed to be

clarified. The new theme is entitled 'open participation and customership', which makes the theme broader.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The highest decision-making body is the six cities' joint management group, which consists of directors (and their deputies) in charge of the six cities' business and innovation matters or city and/or service development. The management group is also responsible for coordinating and monitoring the strategy together with the IBs. The management group typically meets in line with the project call cycle. The tasks of the management group include:

- deciding on objectives, key priorities and the budget;
- naming the members of the steering group;
- deciding on specific selection criteria for projects;
- deciding on the content of the calls for project proposals;
- prioritising the ERDF projects, and proposing them to the Helsinki-Uusimaa Regional Council;
- providing a statement for the proposed ESF projects; and
- monitoring the implementation of the strategy and the projects.

The management group is supported by a steering group, which is responsible for the strategy's implementation. The steering group consists of experts named by the cities, as well as representatives from the Helsinki-Uusimaa Regional Council, the Ministry of Economic Affairs and Employment, the Ministry of Transport and Communications, Tekes and the Six City Strategy office. The steering group can, if the need arises, set up smaller thematic groups representing other experts to support its work. The steering group convenes every two months or more frequently if the need arises. The tasks of the steering group include:

- preparing issues for the management group meetings and implementing their decisions;
- being responsible for the various project calls and assessment processes;
- steering national and international networking;
- monitoring the implementation of the projects on the basis of project reports;
- steering the work of the Six City Strategy office; and
- reporting on the implementation of the strategy to the management group.

Within the participating cities, activities are coordinated between the representative of the management group, the steering group and the coordinator of the Six City Strategy office. Each city is responsible for organising its activities in accordance with its specific organisational models.

For coordination and networking purposes, the six cities have set up a separate (ERDF-funded) project, namely the Six City Strategy office. The office consists of centralised personnel as well as city-specific coordinators. The office aims to ensure that the national implementation of the strategy and cooperation is realised in line with the decisions of the management group and the steering group. The tasks of the Six City Strategy office include:

- maintaining the annual cycle of the strategy and ensuring that the implementation of the strategy and the projects is progressing as agreed;
- promoting project-idea generation, preparation and cooperation;
- preparing project calls and assessment processes;
- supporting the content-specific implementation of the priorities;
- supporting coordination between the cities;
- supporting the implementation and management of projects, as well as the adoption and dissemination of results within and between the six cities;

- compiling the developed tools and practices and disseminating their use to others;
- building and maintaining national and international networks;
- developing and monitoring the indicators, and reporting on the results;
- monitoring the implementation of the funding and compiling the financial information related to sub-projects;
- carrying out the joint communication of the strategy and supporting the communication of the projects;
- organising joint workshops and events; and
- carrying out preparation for the meetings and acting as the contact point for the funders and the Ministry of Economic Affairs and Employment.

The management group and the steering group monitor the progress of the strategy and the projects in six-monthly joint workshops. Corrective measures are carried out where this is necessary.

In Finland, the MA has limited involvement in the day-to-day implementation of ERDF and ESF projects, which is carried out by the IBs (i.e. regional councils and the Centres for Economic Development, Transport and the Environment or ELY-centres) and the regional management committees. The Six City Strategy projects are subject to the same rules and instructions as other ERDF- and ESF-funded projects. However, the decision-making process is different, as regional management committees do not process the projects as in other ERDF and ESF projects. Instead, the cities decide on the content of the strategy's implementation, define the themes of the calls for proposals, and propose the projects to be funded.

In principle, projects are selected through open calls, but negotiated procedures can be used in special circumstances.

Once the call for proposals has finished, the Regional Council of Helsinki-Uusimaa verifies the applications with regard to the general selection criteria. Those applications that meet the criteria are submitted to the Six City Strategy Office, which prepares the applications in terms of their city-specific scoring and assessment. Based on this, the steering group makes a summary of the project applications. The projects are then assessed on the basis of the selection criteria derived from the specific objectives of the OP, as well as on the basis of the specific selection criteria set out by the management group of the Six City Strategy. These criteria are given an equal weighting in the assessment process. The project selection emphasises the inclusion of the premises of the Six City Strategy in terms of sharing good practice and the implementation of developed solutions and operating models.

Based on the project assessment, the steering group proposes the most successful projects for the management group's decision. The number of selected projects is also determined by the funding available in the call. The management group decides on the selected projects based on an unanimous decision amongst the members.

After this, the project proposals are given to the IB, namely the Regional Council of Helsinki-Uusimaa, which makes the technical funding decision on the basis of the recommendations of the management group.

In the selection of the ESF projects, the competent ELY-centre (i.e. the ELY-centre in Häme) is responsible for the decision-making after hearing the cities opinions. The regional management committees decide independently on the ESF funding for the strategy's implementation (which is included in the implementation plans of the regional strategic programmes). The ELY-centre in Häme administers the overall ESF funding of the strategy and decides on the themes and timetables for the project calls together with the cities.

After a call for proposals finishes, the ELY-centre assesses the project applications in terms of the general selection criteria. Those applications meeting the criteria are submitted for information to the steering and management groups of the Six City Strategy. The management group provides a statement regarding the applications to the ELY-centre before the final decision-making takes place. The ELY-centre assesses and scores the

projects on the basis of the selection criteria derived from the specific objectives of the ESIF programme. The cities assess and score the projects on the basis of the specific selection criteria of the Six City Strategy. These criteria are given an equal weighting in the assessment process. The project selection emphasises the inclusion of the premises of the Six City Strategy in terms of the sharing of good practices and the implementation of developed solutions and operating models.

Special implementation arrangements

The Six City Strategy is funded by ERDF and ESF funds. There is scope for improvement regarding the integration of ERDF and ESF within the strategy. Although the funds co-exist well, in that it is very clear what is funded through ERDF and ESF, there is scope to create synergies. Currently, calls for proposals and themes are organised separately rather than jointly. Another uncertainty relates to the fact that ESF funding is not earmarked in advance, and therefore it is very difficult to commit to long-term planning. There is no certainty how much of ESF funding will be committed by the regional management committees in the individual regions and whether this funding will be sufficient.

Financial instruments are not used in the implementation of the Six City Strategy.

ERDF or ESF funding is not used to support CLLD. Community-led development will take place, but there is no formal instrument (i.e. CLLD) for this purpose. Instead, the OP (not the Six City Strategy) will support civic actor-led development in urban areas without earmarking any specific funding for this purpose. The civic actor-led development in urban areas will implement activities that are in line with the objectives, as well as investment priorities and specific objectives of the OP. The types of activities can vary, but the common trait is that they are bottom-up and civic actor-led local development activities. The activities need to be open, wide-ranging and inclusive.

Implementation progress

Implementation of the Six City Strategy started in 2014 when the first (ERDF) call for proposals was launched. Open calls are organised about twice a year. Since 2014, c. 26 cooperation projects have been launched, representing a total of €45 million. The project portfolio covers smart mobility, cleantech and agile piloting, the creation of development environments for product testing, and open data for businesses.

The evaluation notes that progress with the key projects has been satisfactory. 'Open innovation platforms' and 'open participation and customership' have been somewhat behind. However, implementation has progressed well, particularly during spring and summer 2016.

Evaluation

In 2015, an internal evaluation was carried out on the preparatory phases of the strategy. In 2016 (May-September), an external evaluation (separate from the OP) was carried out by Owl Group Oy. It focused on: the objectives; results achieved; mobilisation of the operational model in the cities; the management and governance model and organisation of the strategy; and the need for changes. At this stage, the evaluation is not focused on results or impacts, or on the results of individual projects, but rather on how well projects support the implementation of the strategy. The results of the external evaluation are expected to support the discussions on the future of the strategy. In addition, the progress, results and effectiveness of the projects are evaluated regularly so that the activities can be better focused. Some of these evaluations are internal, but external expertise is also used (sometimes jointly for a number of key projects). There is some feeling that the strategy would benefit from an ex-post evaluation in order to provide more detail on the results achieved, but no such evaluation is currently planned by the Ministry of Economic Affairs and Employment.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Good practice relates essentially to the cooperation between the six cities in Finland. In addition, the evaluation has made specific recommendations for the future of the strategy. First, the strategy should focus on larger joint projects involving more cities. Second, future implementation requires more emphasis on project ideas and generation, which in turn requires more resources particularly for the city coordinators. Third, there needs to be a greater focus on communicating the results. Fourth, there needs to be more clarity with respect to the different roles and responsibilities, particularly in terms of communication, idea generation, and involvement of businesses. Fifth, business involvement needs to be a cross-cutting theme in the strategy's implementation (linked to idea generation and to project-selection criteria).

Despite the fact that business cooperation is a recommendation for the future, this has progressed already, particularly in the context of the key projects. For instance, there are so-called 'business forums' in the key projects, where businesses can voice their views regarding project activities (i.e. whether certain activities are economically viable etc.). This is something that is hoped to be streamlined across the different projects in future.

There is also scope for improvement concerning the integration of ERDF and ESF. Many projects have great potential for synergies between the funds, which continue to organise separate calls and implement different themes.

As this is the first time that the cities have been involved in formal cooperation, it has been a learning process. Resources are needed, particularly for communication purposes. For instance, although the projects provide information on their respective web pages on their activities, results are only reported at the time payment applications are submitted. There are therefore some challenges concerning the real-time reporting of results.

Furthermore, the evaluation highlights some of the key challenges in the implementation of the strategy. First, implementation is only partly in line with the set objectives. For instance, according to the evaluation, the creation of broad-based joint innovation is not yet noticeable. There are some problems in the project idea and generation phases in particular, which need to be improved in order to meet the strategy's expectations and objectives. The most significant result thus far is the closer cooperation between the six cities, while other results remain more fragmented.

Second, while the implementation and the operational model of the strategy have been mobilised relatively well at the strategy level, progress has been slower at the city level. This is largely due to the fact that many cities do not have a clear implementation plan for the strategy. The linking of the strategy to the cities' existing strategies varies between the cities.

Third, the governance model supports the implementation of the strategy relatively well, although there is scope for clarifying the roles and responsibilities of the actors involved.

Another lesson learned relates to the lack of experience and knowledge by the city actors involved in Structural Funds projects, although the situation has improved significantly since the start of the implementation. Despite the fact that the cities have been involved in Structural Funds implementation in previous periods, the city representatives taking an active part in the Six City Strategy implementation largely have no prior knowledge or experience of Structural Funds.

Strategy fiche – Communauté d’Agglomération d’Aurillac, France

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Transition Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2023
Is the strategy new?	Existed but slightly adapted
Size of town/city	50,000 – 100,000 inhabitants

The Greater Aurillac area (*Communauté d’Agglomération du Bassin d’Aurillac, CABA*) is a low-density inter-municipal grouping of 25 municipalities with 54,036 inhabitants. It is located in Auvergne-Rhône-Alpes, more specifically in ex-Auvergne, in the centre of France. Greater Aurillac is the local urban centre concentrating economic, administrative and cultural assets within a rural area comprising a web of small central towns (*centre-bourgs*). The public administration and retail sector account for 75 percent of the jobs, against 10 percent for the industrial sector, primarily the food industry. Recent figures indicate a demographic decline in the central town, in contrast to its surrounding periurban areas. This urban sprawl is fuelled by higher-income households looking for better housing options, and it entrenches territorial inequality in terms of net taxable incomes (€20,626 in Aurillac, against €22,007 in the surrounding areas – INSEE 2014), although both areas are above the national average.

Targeted areas

Although there is no formal targeting inside each inter-municipal grouping’s territory, the managing authority encourages urban authorities to select projects located in ‘priority intervention areas’ (*Zones d’intervention prioritaires*), which include train stations, town centres and peripheral areas with regard to sustainable mobility, and priority areas of urban policy and the riverside with respect to urban regeneration.

Challenges and objectives

The Territorial Coherence Framework (*Schéma de Cohérence Territoriale, SCoT*), which is the overarching integrated framework coordinating local policies for the Pays d’Aurillac (which includes the Greater Aurillac area and surrounding places), identified challenges regarding urban sprawl, demographic decline in urban centres (particularly the main city, Aurillac), and low territorial accessibility. The growing dichotomy between economic dynamism and residential dynamism has resulted in growing needs for better urban-rural linkage. The SUD strategy therefore addresses economic development, the residential attractiveness of urban centres, territorial environmental quality, accessibility and sustainable mobility. This will take the form of a multi-modal exchange pole that should increase the number of inhabitants using public transport, and the regeneration of public buildings and brownfield sites in urban areas to improve the urban environment and living conditions.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4e		6e					

Rationale and added value of the strategy

The Partnership Agreement indicates that SUD implementation requires territorial strategies. Although groupings issue local coordination documents, the managing authority launched a call for expressions of interest in order to give urban authorities time to become familiar with the SUD framework and to develop more acute strategic thinking.

Implementation mechanisms

SUD in the Auvergne OP is implemented through an urban priority axis comprising two investment priorities from the 2014-20 ERDF-ESF regional OP: IP4e (promoting low-carbon strategies) and IP6e (Taking action to improve the urban environment /urban regeneration). Funding is allocated on the basis of voluntary applications. The managing authority opted for an urban axis because local actors are familiar with this form of implementation regarding European Funds, making it simpler to manage.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 3.04 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	<i>Unclear</i>	

The managing authority pursued territorial equality with regard to funding and therefore fixed maximum amounts available per territory. Smaller inter-municipal groupings were concerned that a competitive process would allow the largest area (Clermont-Ferrand, regional capital) to attract the most credits. Half of the total amount of the urban axis was thus divided into equal shares between the six territories, while the other was allocated on a demographic basis. In exchange, urban authorities committed to implementation and programming objectives (see below). The Greater Aurillac area received €3.04 million of the total €23.21 million.

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

Territorial equality was the cornerstone of the selection process. The managing authority (region) issued a call for expression of interest and then helped urban authorities to develop structured strategies and gain experience in ERDF funding and integrated urban development. The formal selection criteria that framed the design process were as follows: integrated dimension, sustainability (mobility and land use), equality of opportunity, integration of a partnership dynamic, implementation evaluation, steering and monitoring procedures, indicators and information collection.

The region (managing authority) involved the eligible inter-municipal groupings as early as in the definition of the objectives and priorities for the urban axis of the OP. A dozen technical meetings were organised between May 2014 and July 2015, paving the way for the development of a territorial network. Seminars were organised in Brussels and Ghent for technical personnel from the urban authorities (eligible inter-municipal groupings) and the Urban Agency of Clermont Métropole, including a meeting with the European Commission. Thematic seminars explored room for coordination between the urban axis and domestic policies. The region also produced templates and visual tools, which were then disseminated by the urban authority at the local level, and commissioned the Urban Agency of Clermont Métropole to deliver presentations and benchmark studies. In addition, 3 percent of each territory's envelope was ring-fenced for technical support through preparatory studies, project engineering, and animation, which they all used entirely, either in the form of hires or selection of an external cabinet.

An ad hoc Regional Analysis Committee, regrouping the managing authority, the state, the departments, the six eligible inter-municipal groupings, the Regional Economic, Social and Environment Council (CESER, consultative body made of a large range of socio-economic actors) provided support throughout the process. The Greater Aurillac urban authority established the content of the strategy by narrowing the list of priorities laid out in the recently-adopted SCoT to those compatible with the urban axis. It was eventually presented to a selection committee comprising experts (geographers, sociologists) and the region (including the President of the Regional Council).

Consultation process

First, the territorial diagnosis made during the preparation of the SCoT, and reused for the Integrated Urban Development Programme (PDUI), involved a large consultation of local actors in 2013.

Then, the Greater Aurillac grouping organised a larger event at the beginning of the process with the managing authority, local elected officials, potential beneficiaries (local authorities and social housing managers) and the charity sector. The grouping consulted municipalities and local contacts to identify projects, particularly in the urban centre (Aurillac). Once achieved, the PDUI was re-introduced to the actors that had been consulted during the design of the SCoT for final feedback and amendments; few were received. The urban authority used consultation events as communication opportunities to advertise SUD funding to potential beneficiaries.

Links to domestic pre-existing strategies

The preparation of integrated urban development strategies was a new exercise, but the region did draw upon the 2007-2013 territorial approach. Content was developed on the basis of pre-existing strategies at the inter-municipal level, including the SCoT and the Regional Framework for Sustainable Spatial Planning (*Schéma Régional d'Aménagement Durable du Territoire, SRADDT*), as well as a territorial contract between the region and the *Pays d'Aurillac* (association of inter-municipal groupings encompassing Greater Aurillac and surrounding rural areas) called *Contrat Auvergne +*.

The SUD strategy was prepared in parallel with the LEADER strategy, also covering the *Pays d'Aurillac* (but targeting rural areas) and focusing on economic development, access to services, tourism, and sustainable mobility.

Measuring the effectiveness and added value of the strategy

The effectiveness of the strategy will be measured by five indicators set out in the OP's urban axis in relation to IP6e on urban regeneration, and on indicators developed locally. Estimating the contribution of the strategy to the OP relies on two common output indicators featuring in the performance framework, which measure the surface of regenerated open spaces and regenerated public buildings, and one specific outcome indicator that measures the proportion of OP urban areas with brownfield sites. OP indicators for IP4e were not included by the urban authority, as they were not in the

performance framework (not compulsory). However, the urban authority will also scrutinise the vacancy rate of its city centres and the evolution of their population. These factors will serve as monitoring instruments for the on-going effectiveness of the strategy, including beyond 2020, with no quantified objectives.

Target values at the OP level were substantially re-assessed by an external cabinet following an action plan requested by the European Commission. Initial values were based on the over-weighting of the largest urban area of the region, leading to the overestimation of starting and result values of the outcome indicator, and the underestimation of target values of the output indicators. However, these changes did not impact on the values set for the strategy of the Greater Aurillac area.

The scale of funding (€3 million) was regarded as too limited for the strategy to have a significant impact. However, actors pointed to added value in relation to the preparation phase, in terms of strategic planning and thematic focus. Not only did it help develop a network between urban authorities, it also induced the Greater Aurillac area to design a more operational document (more than a mere list of projects) and a more structured territorial vision, including the coordination between different policies. Indeed, it emphasised the relevance of urban issues, particularly regarding the role of central towns, in addressing territorial development in a mainly rural area, in contrast with the traditional urban-rural dichotomy that is more likely to result in the equal allocation of equipment and urban sprawl.

Key challenges

The managing authority pointed to sources of difficulty entailed in the ESIF framework. The definition of 'operation selection' was unclear about the inclusion of appraisal tasks in its remit. This was important regarding conflicts of interest, as most projects are carried out by local authorities, including urban authorities. The understanding of 'integrated' was also deemed unclear, as it applies to the strategy, hence the minimum number of IPs required, but not to projects, which can only fall under one IP. In addition, the preparation of the urban axis started at the same time as the other axes despite its innovative dimension, namely the use of intermediate bodies without global grants. As time and resources were limited, better articulation with other domestic policies, particularly the main instrument for regional policy, the State-Region Planning Contract (*Contrat de Plan Etat-Région*, CPER) could not be optimal.

Challenges also appeared in relation to the local context. The SUD methodology changed the local cooperation habits, traditionally based on the mutualisation of resources (e.g. in the form of single-missioned syndicates, in water or waste management, etc) instead of territorial prospective thinking. Also, in the case of Greater Aurillac, politicisation and time constraints resulted in project-based thinking as opposed to strategic thinking. The preparation of the OP and the strategies started in 2013, a year before the municipal elections, which delayed the moment at which local authorities were ready to fully engage in the process. Further need for coordination emerged because of political differences between the leader of the grouping and that of the main city. However, preparation and regional assistance helped to raise awareness of the inevitable technical and regulatory constraints. Finally, the political choice to value territorial equality over competition led to selecting areas that were not immediately equipped (services, staff) to take up a more substantial role with ESIF management.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

Both the managing authority (the region) and the urban authority (the Greater Aurillac grouping) are responsible for providing information about SUD funding opportunities and procedures. In terms of project selection, the urban authority, as an intermediate body, identifies projects from a strategic point of view, while the managing authority assesses

projects' compliance with legally applicable frameworks (i.e state aid rules, etc). Both bodies ensure close coordination, including through regular legal advice.

The urban authority's relevant services are in charge of collecting applications and providing assistance in project engineering, plus assessing projects' strategic contribution to the PDU. They then present an opinion to an ad-hoc pre-selection committee (developed specifically for the SUD framework), which comprises the president of the inter-municipal grouping, vice-presidents in charge of contractual policies and urban policy, elected officials from the main municipality (Aurillac, where most projects are expected to be located) and the *department*, social housing operators and the Departmental Resource Centre in Architecture, Urbanism and Environment (*Conseil d'Architecture, d'Urbanisme, d'Environnement*, CAUE). The committee was conceived as an instrument for communication and dialogue with potential beneficiaries, with a view to helping them improve their understanding of the SUD framework and the quality and compliance of their project.

Unlike Nord-Pas-de-Calais, the urban authority developed and approved its own selection criteria to assess project relevance to the local strategy. 'Priority intervention areas' were also designated for each investment priority. No pre-existing selection criteria were inserted in the OP's implementation document (but ERDF eligibility criteria were set by the managing authority).

Applicants whose projects receive a favourable opinion from the pre-selection committee can submit their request to the managing authority for appraisal, including eligibility check and a strategic assessment based on the expected achievement of the indicators' target values. The managing authority takes the funding decision through its selection committee. Based on information collected at the inter-municipal level (urban authorities), it is also in charge of monitoring each and every strategy and the whole urban axis in terms of financial implementation and performance.

As indicated above, the managing authority was uncertain of the remit of the 'selection of operation'. It opted for a restrictive interpretation and took up responsibilities in terms of compliance and eligibility, while urban authorities looked strictly at strategic coherence. Given Auvergne's territorial profile of small urban areas, and the expected nature of most project leaders, larger responsibilities would have implied administrative reorganisation and additional staff to comply with EU rules (i.e. functional separation, prevention of conflict of interest).

Special implementation arrangements

Sustainable urban development will not be implemented in the form of financial instruments or CLLD because of their greater complexity compared to traditional methods. Greater Aurillac will seek complementarity between LEADER projects and SUD; both cover separate areas but have compatible goals in terms of urban-rural linkage.

Implementation progress

As of December 2016, the urban authority had pre-selected several projects (simple projects, i.e. studies). None had been programmed (8 projects programmed at the OP level, 5.3 percent programming rate, which is the lowest of all axes). An increase is expected in 2017 as a result of higher demand (regeneration projects require longer preparation and will be ready then) and in reaction to time pressure (i.e. 60 percent must be programmed before 1 January 2019, or the funding will be reallocated to other urban authorities).

Evaluation

A local steering committee (urban authority) will be in charge of monitoring the strategy, while a regional steering committee will monitor the urban axis. The strategy will be evaluated as part of the evaluation of the urban axis by the managing authority. This theory-based impact evaluation is expected to start in 2019 for 10 months, and it will

evaluate the impact and the efficiency of urban integrated strategies on urban sprawl, as well as on the development of networks of local actors and coordination between funds allocated to urban development.

Information will be collected from OP indicators (data collected in the national monitoring software for ESIF implementation) monitored by the MA's evaluation unit, the National Institute for Statistics (INSEE), urban authorities and the Urban Agency of Clermont. It should be conducted by a private cabinet.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Given the innovative dimension of the territorial approach in Auvergne, a learning process was necessary for both the managing authority and the urban authorities. The preparation phase revealed desires expressed by all urban authorities, the largest being to develop a proper territorial network in the form of meetings and visits hosted by one of them, in order to share problems and solutions.

The managing authority estimated that selection of operations at the urban authority level was not appropriate to its territorial structure (small urban areas). The implementation of the urban axis according to similar procedures to other axes was deemed more relevant for better management. For the urban authority, changes in the regulatory frameworks of Cohesion policy and Competition policy would be most relevant to increase the eligibility of valuable projects for local development.

According to early observations, the Cohesion policy framework (i.e. on projects generating revenue) and state aid rules (i.e. public procurement) appear to limit options in terms of project selection, which is all the more constraining as it operates in a context of low demand. Several pre-selected projects were declared not eligible for SUD funding by the managing authority. For instance, urban regeneration projects focusing on housing, the revival of retail activities or sustainable mobility usually require public-private joint venture, because of their size and complexity, especially in a context of limited public finances. They therefore face state aid restrictions. Generating revenue is usually one of their objectives, which adds complexity, given the Cohesion policy framework. In addition they require preparation time and can undermine fast absorption.

In order to increase the pace of implementation, the selection process was streamlined. Compliance assessment was fully delegated to the managing authority. The managing authority stressed that earlier transmission of projects, even cases with administrative irregularities, would create earlier direct contacts with the applicant and would allow faster programming. The urban authority narrowed its focus on strategic assessment and amended its approach, by valuing simplicity (e.g. preference for public projects) over strategic value. This is expected to challenge clarity with project leaders, as pre-selection may not lead to eligibility, although this is clearly laid out in the pre-selection application form.

In Auvergne, the low level of programming seems more connected to the limited number of existing eligible projects, as opposed to the two other French cases, where the low level of programming was explained by congestion due to the separation of selection and programming responsibilities. The urban authority expects further challenges with regard to the articulation of CPER and SUD funding, especially on sustainable mobility projects. However, programming is expected to accelerate in 2017.

Strategy fiche – Centre-Franche-Comté Metropolitan Pole, France

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Transition Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2020
Is the strategy new?	Existed but slightly adapted
Size of town/city	250,000 – 500,000 inhabitants

The Centre Franche-Comté Metropolitan pole is a network of five inter-municipal associations, involving a total of 156 municipalities and 320,000 inhabitants, within a living area of 700,000 inhabitants. The inter-municipal associations delegated economic development, digital planning, health, tourism, culture, environmental and spatial planning and transport to the pole. Its territory is mainly rural, located in Bourgogne-Franche-Comté, in the east of France, at the border with Switzerland. Metropolisation has increased the attractiveness of larger urban centres, namely the main city called Besançon, and areas outside the pole (Switzerland, the regional capital Dijon). By contrast, cities of intermediate size have undergone demographic decline, ageing, and a reduction in revenues. Territorial differences also operate between smaller centre-towns and their periphery. Half of the pole's population lives in rural areas and peri-urban areas. While median incomes are above the national average in all inter-municipal associations, they are below the national level in all central towns, except one. Apart from Besançon, which relies on the tertiary sector, these urban centres depend on the residential economy, due to a strong public sector (administration, education, health, social care) and an ageing population. In addition, the stagnating industrial sector remains overrepresented compared to the national level in terms of jobs.

Targeted areas

The Franche-Comté OP specifically identified the Centre-Franche-Comté pole as an eligible area for SUD funding. Spatial targeting varies depending on the investment priorities. All areas across the five inter-municipal associations of the pole are theoretically eligible for IP6e (degraded areas), whereas funding from IP9b is restricted to areas identified as priority areas under the national urban policy.

Challenges and objectives

The SWOT-analysis territorial diagnosis established by the Greater Besançon area's urban agency (*Agence d'Urbanisme de l'Agglomération de Besançon, AudaB*) revealed a relative lack of attractiveness compared to neighbouring urban areas, resulting in demographic decline and ageing, particularly in smaller urban centres. The main challenges include urban sprawl, uneven access to services (digital coverage, transport, intermediate services in peri-urban areas), and a lack of economic resilience (e.g. low level of qualifications). In addition, insufficient urban-rural interfaces are regarded as detrimental to ecological preservation and appropriate use of local assets.

The strategy therefore pursues one overarching goal: increasing territorial attractiveness to attract and retain young professionals. It relies on three pillars: developing territorial

networks (governance; multi-modal mobility; digital), increasing residential attractiveness (regenerated housing supply; enhanced living environments; better access to services), and improving economic diversity (support to the residential economy, traditional or emerging local sectors; higher level of qualifications). SUD will contribute to the second pillar, through the regeneration/conversion of brownfields and city centres (investment priority 6e), and the enhancement of the living environment in priority areas of national urban policy (investment priority 9b). The objective is to provide new residential and commercial opportunities, improve access to services, and rebalance development and equipment on the pole territory, while limiting land consumption.

The ESIF investment priorities supported are as follows:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF						6e			9b		

Rationale and added value of the strategy

Besides the requirements of ESIF regulation, the managing authority launched a call for contributions to receive integrated territorial strategies from two pre-identified metropolitan poles. The poles are not local instruments in regional policy: 'metropolitan pole' is a legal status recently created for inter-municipal associations, in which local authorities of Centre-Franche Comté engaged in 2013. However, the managing authority seized the opportunity of their creation to simplify the implementation of the place-based approach, but after 2007-13 inter-municipal IUPs revealed discrepancies in capacities. The Centre-Franche-Comté pole welcomed the ERDF framework as an opportunity to improve the definition of its broader 2014-20 strategy, in the wake of the 2014 local elections launching a new mandate, particularly relying on regional qualitative requirements regarding the territorial diagnosis.

Implementation mechanisms

The managing authority opted for a priority axis because of the apparent complexity of ITI, as well as lack of information, that increased the risk of delayed programming.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 26 million (17% of OP)
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	<i>Unclear</i>	
Other	<i>Unclear</i>	

The region (managing authority) has not pre-allocated funding per territorial strategy. The €26 million urban axis will therefore be implemented through successive handouts across both territorial strategies. However, the managing authority has given indicative amounts proportional to population sizes, which should secure €14 million for the Centre-Franche-Comté pole. Its action plan does not provide complete funding needs for all projects that structure the strategy. ESF funding will also be provided through the national ESF OP, the management of which is delegated to deconcentrated state services at the local level (regional and department offices).

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The managing authority launched a call for applications addressed to pre-identified metropolitan poles, requesting the submission of integrated territorial strategies, allowing for the managing authority's quality control. Territorial strategies were already partially being designed (because of local schedules), but the OP was flexible enough to ensure its compatibility with local strategies' main features. The influence of the SUD framework on the pole's strategy particularly applied to the territorial diagnosis, which the pole was not familiar with until 2014. Regional requirements, as formulated in the call and expressed by regional services, played an important role in introducing this step in the local context.

Consultation process

The metropolitan pole is original, as it is a network of territories, rather than a contiguous territory. The large number of actors as well as the short deadlines limited the scope for extensive consultations. Instead, coordination was instrumental for taking local interests into account. Administrative and political officials from the pole's territories formed four thematic working groups in charge of conveying priorities and preferences from all territories. One of them was in charge of urban planning, development & environmental matters (*Aménagement urbain, Développement & Environnement*, AUDE) and was relevant for ESIF funding. Others covered topics such as mobility, territorial organisation, economic development, digital, innovation, health, tourism and culture.

These groups made collegial decisions based on political and technical approaches. Although this organisation existed before ERDF involvement, the framework set by the region as a managing authority stressed its importance and enriched the process.

Institutional and non-institutional contributions also came from previous (and recent) consultations organised by each territory. For instance, local feedback provided for the

Regional Framework for Spatial Planning and Sustainable Development (*Schéma Régional d'Aménagement et de Développement Durable du Territoire*, SRADDT) served as an input to the preparation of the strategy. The Urban Agency of the Besançon Area (*Agence d'Urbanisme de l'Agglomération de Besançon*, AudaB) coordinated the diagnosis for both the regional framework and the urban integrated strategy. In addition, the region (managing authority) provided technical assistance on ERDF-related matters. The dialogue was eased by both parties' (the managing authority and the pole as intermediate body) previous experience with European programmes. The region (managing authority) particularly stressed the need for high-quality strategy/action plan/projects, but also for clarity in the description of expected results, which helped improve the overall quality of the territorial strategy.

Links to domestic pre-existing strategies

As laid out above, following the 2014 local election, the metropolitan pole developed a broad strategy, part of which will be covered by the 2014-20 ERDF-ESF Regional OP. Spillovers and synergies are expected with other priorities (i.e. on economic development, transport, energy transition). However, SUD is indeed only one of the strategic frameworks to which the strategy is related, in line with the principle of external coherence. Selected projects are expected to receive support from and contribute to objectives of other domestic policies.

The integrated strategy was built on the basis of diagnoses (i.e. consultations made, see above) completed particularly during the preparation of the Regional Framework for Spatial Planning and Sustainable Development (*Schéma Régional d'Aménagement et de Développement du Territoire*, SRADDT) territorialised approach, as well as a pre-existing longer-term strategy called Besançon 2030. The other frameworks are mainly (but not only) regional, such as: the overarching 2015-20 State-Region Planning Contract (*Contrat de plan Etat-Région*, CPER), and other regional thematic frameworks, including: the Regional Framework for Economic Development (*Schéma Régional de Développement Economique*, SRDE), or the Regional Framework for Climate, Air and Energy (*Schéma Régional du Climat de l'Air et de l'Energie*, SRCAE). More specifically, measures targeting urban priority areas contribute to the implementation of the 2015-20 City-Contracts (*Contrat de ville*), which are funding and strategic agreements primarily between the state and the relevant inter-municipal association.

Measuring the effectiveness and added value of the strategy

The leverage effect of ERDF support, i.e. in the form of faster implementation, is a key objective of SUD co-funding. However, local actors are aware that regeneration projects, which involve multiple funders and interests, are usually longer-term projects that may not provide quick outputs.

SUD co-funded measures will be assessed by the indicators of the urban axis of the ERDF-ESF Regional OP. Co-funded projects will also be assessed according to their contribution to EU transversal objectives (sustainable development; gender equality and non-discrimination). The rest of the strategy that falls under metropolitan competencies will be evaluated according to the pole's methods. The selected indicators consist of four output indicators and two outcome indicators. All but one are quantitative, tracing the total surface of regenerated or degraded buildings or spaces, and population covered by urban development strategies. One indicator aims at measuring the evolution of inhabitants' perception of the enhancement of their environment.

The managing authority (region) reported limited autonomy regarding the selection of indicators. The European Commission pushed for a larger number than initially proposed, leading to questionable relevance in certain cases, according to the MA. The setting of target values (established on existing results, financial envelopes and the expected

number of projects) suffered from lack of assistance, as the publication of national methodological guidance intervened after this step was completed. The ex-ante evaluation of the first measure (6e – regeneration of degraded areas) was conducted by the Regional Agency for Development (*Agence Régionale de Développement*) based on insights from all territories, coordinated by the region, and led to the identification of relevant 'degraded areas'. The establishment of metrics and targets relied on a quantitative approach, within constraints imposed upon the region (managing authority) by indicators selected/strongly recommended by the Commission. The measurement strategy in the second measure (enhancing the living environment in urban priority areas) resulted from qualitative work outsourced to a consulting firm. A three-month survey-based study was conducted on inhabitants' quality of life. Indicators and targets were then developed based on inhabitants' expectations.

The urban authority (Centre-Franche-Comté pole) mentioned the introduction of evaluation concerns at an early stage of the preparation (even before the formal application), as a means of improving the final design of the strategy and evaluation methodology. Mixing qualitative and quantitative approaches, for instance through integrated indicators, appeared as a suitable outcome of such preparation, notwithstanding any methodological limit.

Key challenges

The urban authority identified challenges that touch upon its administrative nature. As an intermediate level between inter-municipal associations and the region, the pole involves a large number of actors, which required additional coordination efforts despite time constraints. In addition, the fact that the pole is a network of non-contiguous territories raised the issue of the consideration of intermediate areas between inter-municipal associations in the integrated strategy (many should be eligible for EAFRD). Pre-existing local coordination bodies in charge of territorial dialogue exist, but their impact was limited.

The managing authority mentioned the challenge of sufficient local capacities – particularly regarding internal organisational settings and compliance with EU rules in terms of conflict of interest, requiring amending the Monitoring and Control Document (DSCG) – which could involve extra assistance work to avoid delays in implementation. This was however not applicable to the Centre-Franche-Comté pole, which relied on a strong coordinating system.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The region (managing authority) is co-responsible for advertising funding opportunities under the ERDF-SUD framework and for providing applicants with information and assistance in project engineering. The directory for spatial planning completes these tasks for both SUD and regional schemes. Funding is allocated through handouts instead of calls for projects. Any formal application is to be submitted to the managing authority. The regional pre-programming and programming committees make the final funding decision, on the basis of the urban authority's opinion and compliance check performed by the region's appraisal service.

However, the pole is in effect the lead actor in SUD implementation. In terms of advertising and assisting applicants, administrative staff (worth 1.2 FTE) of two poles ensure proper coordination between the poles' territories. In each pole, three members of staff are contact points on SUD matters (one per measure and a transversal one). The main inter-municipal association of the pole (Greater Besancon) also provides technical

support on transversal topics. In addition, certain actors involved in the preparation of the strategy, such as the working groups on spatial planning (AUDE) with the support of the Urban Agency of the Greater Besançon Area (AudaB), are also responsible for conveying information about the urban axis and providing assistance to potential projects, with a particular focus on inter-territorial dynamics.

The pole is also primarily involved in appraising applications. Its coordination team (and local relays whenever relevant) performs an eligibility check and a strategic assessment based on an evaluation matrix (one per measure) laid out in the pole's integrated strategy. The technical committee of the pole (heads of administration of all inter-municipal associations of the pole), and then the selection committee (the Metropolitan Council, made up of elected officials from all inter-municipal associations of the pole) issue an opinion that is transmitted to the region (managing authority) for a compliance check of the project and a final decision. The selection committee is then in charge of monitoring the strategy, and will apply changes when deemed appropriate.

In order to ensure simplicity and efficiency, project selection has in effect been entirely delegated to the pole. The metropolitan pole (urban authority) alone laid out the list of relevant criteria (the evaluation matrix). The region's funding decision follows the opinion of the selection committee of the pole, which it does not attend, and the presentation made by pole's personnel before the programming committee.

Special implementation arrangements

Sustainable urban development will not be implemented in the form of financial instruments or CLLD, because of their greater complexity compared to traditional methods.

Implementation progress

The implementation started in 2016. The projects selected by the IB account for about half of the envelope expected for the Centre-Franche-Comté Metropolitan pole (November 2016). This is not yet the case at the MA level (programming committee), where three projects on brownfield regeneration have been allocated support to date, leading to a programming rate of 8 percent for the urban axis (including the other pole). The gap between the pace of selection and that of programming could be explained by the internal reorganisation of regional services (however, this gap was also observed in other regions).

Overall, the pace of implementation is deemed satisfying, more so regarding the measure on regeneration of brownfields than the enhancement of living conditions in urban priority areas. Indeed, in France, some of the areas targeted by SUD and City Contracts are also targeted by another instrument of urban policy – the New National Urban Regeneration Programme for 2015-2025 (*Nouveau Programme National de Rénovation Urbaine*, NPNRU), set up by the National Agency for Urban Regeneration (*Agence Nationale de Rénovation Urbaine*, ANRU). This is the case for certain inter-municipal groupings of the metropolitan pole. This programme required additional preparatory studies and delays compared to other policies. Several projects have therefore already been planned for 2017-20, in order to allow support from SUD and ANRU. The first conventions (between the state and eligible inter-municipal groupings) implementing the NPNRU are expected to be signed during the first semester of 2017.

Evaluation

The managing authority is responsible for monitoring the performance and financial implementation of the urban axis, with the support of urban authorities regarding data

collection and transfer. An annual meeting between contact points from each pole and the managing authority will formally address engineering needs and monitor projects. This formal meeting does not replace permanent informal contacts between actors from the institutions involved in the implementation of the strategy.

The managing authority (region) retained most responsibilities regarding evaluation, with the urban authority involved in the preparatory work and associated with data-collection efforts. The 2014-20 evaluation plan mentions an evaluation of implementation mechanisms across all axes starting in early 2017. A separate impact evaluation of the urban axis is also expected to take place in 2019. However, no specific evaluation of the SUD part of the strategy was mentioned during the study.

2.3 GOOD PRACTICE AND LESSONS LEARNED

It is early to identify lessons learned regarding the concrete experience of SUD-funded integrated territorial strategies. However, clarity and time constraints have been mentioned as recurring considerations, even though not unique to the territorial approach.

Both the managing and the urban authorities laid the emphasis on the pace of implementation, and avoiding delays in programming and payments. One cause of delays, which in fact results from a regional and local choice, is the additional step between the local level and the regional level (i.e. the pole, although it allows better coordination). The MA pointed out the lack of large projects, due to the pole's absence of contiguity (network of territories), and the nature of projects (regeneration projects are usually carried out by one inter-municipal association). The region (managing authority) acknowledges that these expected projects require long processes (environmental control, consultation of the public, and sometimes additional studies as mentioned above).

Finally, 'the EU pays last'. In practice, any delay in allocating regional credits is expected to generate additional delays in programming ESIF, which may create hard constraints on projects waiting for financial support, e.g. the region (managing authority) is flexible in terms of project start dates, unlike ERDF.

Clarity concerns were raised regarding the advertisement of SUD funding to potential applicants. Contact points in the urban policy unit are in charge of advertising both regional funding and SUD funding opportunities to project leaders, while making decisions based on separate selection criteria.

Strategy fiche – European Metropolis of Lille, France

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Transition Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	A specific part of an urban area (district, neighbourhood)
Planning horizon	2020
Is the strategy new?	Pre-existing and unchanged
Size of town/city	100,000 – 250,000 inhabitants

The Lille Metropolis (*Métropole Européenne de Lille*, MEL) is an inter-municipal association of 85 municipalities, located in Hauts-de-France, in ex-Nord Pas-de-Calais, in the industrial corridor at the French-Belgian border, between Paris, Luxembourg, Brussels and London. The Lille Métropolis has 1.1 million inhabitants within a larger area of 2.1 million inhabitants. The territory faces metropolisation and urban sprawl. Since its industrial decline in the 1980s, its economy has developed strong assets in high-technology and services. However, territorial inequalities have increased in the form of brownfields, a high concentration of poverty (metropolitan poverty rate of 19.7 percent vs. 14.3 percent at the national level), and related challenges – unemployment, housing, fuel poverty, health issues – especially in the south and the north-east of the metropolis. Despite economic attractiveness, the metropolitan unemployment rate is higher than the national average (12 percent vs. 9.7 percent in 2011) and other similar French metropolises. The median revenue amounts to an annual €18,000, against €19,100 nationally.

Targeted areas

Sustainable urban development spatial targeting is based on domestic urban policy. The region launched a call for ITI applications open to inter-municipal groupings of at least 10,000 inhabitants that were covered by a city contract (*Contrat de Ville*, the main instrument of domestic urban policy). SUD funding will be targeted at 'priority areas' (as defined by domestic urban policy). The Lille Metropolis territorial strategy covers 26 of them across 21 municipalities, accounting for 360,000 inhabitants.

Challenges and objectives

Urban policy pursues the reduction of urban territorial inequality and poverty – revealed through unemployment, poverty rate and revenue figures, or access to services. The city contract's objectives are built around three pillars, in line with national guidelines: (i) economic development particularly to reduce the difference between employment rates in priority areas and other areas in the metropolis; (ii) social cohesion, through education, health and security; and (iii) enhancement of living conditions through urban regeneration and housing policy. The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2c	3a	4c		6c, 6e					

The ITI contributes to the objectives of the city contracts through each of the investment priorities mobilised: the development of SMEs in priority areas, the development of digital use to increase innovation in priority areas, energy transition in housing to increase quality of housing and fight against fuel poverty, urban regeneration to improve the living environment and fight against urban sprawl.

Rationale and added value of the strategy

The Partnership Agreement (PA) and national guidance encouraged the implementation of SUD as part of the city contracts, which are meant to coordinate efforts and funding on 'priority areas' between urban policy and other policy fields, and between a large range of actors (State, region, department, inter-municipality/metropolis, municipalities). A domestic territorial reform in 2015 made these inter-municipal groupings the local actors for urban policy. The PA therefore designated them as potential 'urban authorities'. The managing authority required territorial strategies in ITI applications, building on the preparation of city contracts, and including a territorial diagnosis, a consultation with non-institutional actors, and a metropolitan strategy.

Implementation mechanisms

SUD contributes to the city contract through an ITI funded by the 2014-20 Nord-Pas-de-Calais ERDF-ESF OP. Support is expected primarily in the form of grants. One investment priority will be partly implemented through a guarantee fund for entrepreneurship.

Funding arrangements

Type fund	Name fund	Total amount
ESIF	ERDF	€ 37,000,000
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Total from domestic sources	€ 65,300,000
Other (e.g. EIB)	Private	€ 3,512,917.85
	Charities	€ 613,509.28

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Used	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Used	€ 3,512,917.85
Other	<i>Unclear</i>	

The Nord-Pas-de-Calais Managing Authority has to allocate envelopes on the basis of local needs. Given its size, the Lille Metropolis has received the largest amount in the OP area (€37 million out of €81 million). This amount is a minor part of the funding available to urban priority areas until 2020.

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The managing authority launched a call for ITI applications requiring integrated territorial strategies, and provided assistance to the 13 eligible territories. The purpose of this non-selective step, which lasted from March to September 2015, was to ensure higher quality in the strategies and stronger engagement of local actors. The selection criteria set conditions for better territorial preparation and greater visibility. Strategies relied not only on the ITI framework, but also on domestic urban policy, in terms of spatial targeting and strategy. The territorial strategy underpinning the city contract was designed before the ITI was in discussion. The region still funded training sessions organised by the Regional

Resource Centre for Urban Policy (*Centre de Ressources Politique de la Ville*, IREV) on ITI-integrated governance and thematic axes.

Consultation process

A large range of non-institutional and institutional actors were involved in workshops to identify territorial needs as part of a SWOT analysis during the preparation of the city contract. For the ITI, the metropolitan services in charge of Partnerships and Urban Policy coordinated the preparatory work, in collaboration with the managing authority (Europe Directorate in the Region). They consulted institutional actors, such as the 21 municipalities within the metropolis that were eligible for ITI funding, metropolitan bodies (conference of mayors, metropolitan council of heads of administration), and other stakeholders involved in the city contract, including: the National Agency for Urban Regeneration, the Chamber of Commerce, the National Agencies for Health and Employment, the Public Investment Agency, the Region). Multiple technical and bilateral meetings enabled the metropolis to introduce the ITI framework, collect local strategies, and identify potential projects.

It resulted in the identification by the Inter-Municipal Committee (Metropolitan Assembly) of four investment priorities (IP) among six available from the regional OP. Specific arrangements relied on expanded consultation of potential beneficiaries, targeted by relevant fields (social centres, private partners, SMEs). No consultation of the public was organised because of the difficulty to reach out to infra-municipal levels, and differences in capacities between municipalities in the metropolis. Consultations also revealed the local preference for calls for applications rather than handouts, perceived as more in line with territorial equality. Smaller municipalities with reduced engineering capacities feared that handouts would allow larger ones to identify and submit projects at a faster pace. In terms of implementation, the urban authority acknowledged that, despite increasing its workload, calls for projects could ease communication tasks, i.e. publication of new documents and the regular involvement of actors.

Links to domestic pre-existing strategies

The strategy for the ITI fits in the metropolitan project developed for the 2015-2020 City Contract (*Contrat de ville*), and directly contributes to its objectives. The city contract is based on pre-existing strategies set up at the metropolitan level, in the field of urban and sustainable development, which provide development perspectives for 2030, i.e. Project for Spatial Planning and Sustainable Development (*Projet d'Aménagement et de Développement Durable*, PADD), Metropolitan Sustainable Urban Project (*Projet Urbain Durable Métropolitain*, PUDM), and the Metropolitan Plan for Economic Development (*Plan Métropolitain de Développement Economique*, PMDE).

The ITI contributes to all pillars of the city contract through support to business creation, the development of access to digital services, energy efficiency measures, and the regeneration of degraded areas. By extension, the ITI is linked to co-funding sources of the city contract, such as regional urban policy, the State-Region Planning Contract (*Contrat de Plan Etat-Région*, CPER), and national sectoral strategies in the fields of environmental policies, housing, and economic development, although synergies may not always exist.

Measuring the effectiveness and added value of the strategy

Results of the strategy will be measured in the light of its contribution to the city contract, not as part of the OP. Monitoring and evaluation (through indicators) will be based on relevant ERDF IPs applied to the ITI. Impact evaluations are planned and are expected to focus on the impact of the ITI on the city contract, and its added value (in other words, the leverage effect of ERDF). The methodology is yet to be defined, but it should be based on a sample of projects.

Key challenges

As in the other French cases, recent changes at the local level, institutional and political, were perceived as a potential source of delay in the preparation and the implementation of the ITI, in contradiction with programming goals (all the envelope should be programmed before June 2018). The metropolis took up responsibilities in urban policy only in early 2015 after the territorial reform granting it such a role came into force. The 2014 municipal elections led to a shift of political leadership in several municipalities. Finally, the metropolis went through administrative change, namely services re-organisation. The region tried to maintain the momentum of preparation, particularly on priorities shared with other policies (i.e urban regeneration, industrial depollution, economic development).

The metropolis wanted a narrower focus within the ITI strategy, which would have limited future demand for project and application engineering, whereas the managing authority wanted ITIs to cover all four axes of the OP.

Finally, the managing authority pointed at the complexity and delays during the preparation of relevant tools at the regional level, such as application forms, management and control systems and UA/MA delegation contracts. The absence of experience in the ESIF territorial approach from 2007-2013 was mentioned as a key element in this respect.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The urban authority is in charge of providing information to potential applicants, preparing and launching calls for projects, and appraising and pre-selecting projects, while the region retains responsibilities in terms of programming, financial management, monitoring and evaluation.

At the metropolitan level (urban authority), the governance of the ITI is embedded in the city contracts. As a consequence, most actors and procedures are common to both frameworks. The urban authority sets up common calendars, common advertising of funding opportunities (but different calls for projects, see in *Challenges*). The Service for Urban Policy and the Service for Assistance and Partnerships (which are the only contact point for the managing authority and ITI applicants and provide administrative support) co-manage the ITI. They are in contact with municipalities and ensure project identification. Calls for projects and project pre-appraisals involve the relevant thematic services of the metropolis, and are performed in the light of both the city contract and the OP. On the basis of their reasoned opinion, the Inter-Municipal Committee (metropolitan political body, composed of the metropolis' vice-presidents for urban policy and relevant policy areas, and mayors from all the municipalities of the metropolis) pre-selects projects to be submitted to the managing authority.

The particularity of the ITI framework within the local context is the control of the calls for projects and the second appraisal by the region (managing authority), including on strategic terms, yet on the basis of both the city contract and the OP. The managing authority is also responsible for programming and setting up individual support amounts. The final step consists of confirmation of the MA's decision by the Inter-Municipal Committee. Implementation arrangements result from the compromise between various situations and needs across urban authorities, while the managing authority chose not to develop a tailored governance model for reasons of simplification.

All services involved are expected to report their opinions and disagreements in a unique common form (*fiche navette*), in order to ensure transparency and clarity in the administrative process, and to ease the dialogue within and between the urban authority and the managing authority.

Special implementation arrangements

Projects supported by the city contract may receive ESF support through the national ESF-OP, as the managing authority (State) and intermediate bodies (departments) are among its signatories.

In terms of allocating methods, Lille Metropolis is one of the seven territories that expressed interest for a financial instrument available to ITIs across the OP area (ex-Nord-Pas de Calais Region). It is a guarantee fund for entrepreneurship support in priority areas. Support will be allocated according to a distribution key based on territorial needs (average ITI support: €20,000). One project has been selected by the urban authority so far. Programming has been delayed because of a State aid rules compliance issue. By contrast, no CLLD approach is expected.

Implementation progress

The implementation started in December 2015. As of November 2016, the urban authority had selected €20 million worth of projects, out of the €36 million envelope. However, no project had yet been programmed. The region did not implement Integrated Urban Projects (IUPs) during the previous period, nor did it take part in the previous generation of domestic urban policy territorial contracts (*Contrat Urbain de Cohésion Sociale*, CUCS). The ITI is therefore a new process, requiring additional adaptation and delaying the start of implementation. The first projects to be programmed are expected in early 2017.

Evaluation

The strategy will not be evaluated as part of the OP but through the evaluation of the city contract, which is mandatory under the national urban law. Implementation will nonetheless be monitored by OP indicators. The urban authority is contemplating conducting a couple of qualitative evaluations on certain dimensions of the ITI, such as its impact and its added value on the city contract.

Evaluation work is in preparation, for instance in the form of a census of existing studies (implementation; support to SMEs). The Metropolitan Service for Assistance and Partnerships and the Directorate for Evaluation are co-preparing the methodology. Cohort studies seem to be among possible options. The urban authority's priority is an evaluation of the implementation system, in order to make a case for a global grant during the next period (and therefore gain visibility in terms of scheduling and financial management, which it does not have at present).

Monitoring and evaluation are central to the Lille Metropolis, as evidenced by its participation in the workshops of the Europe-Urban network, and its contribution to experience-sharing opportunities provided in other programmes such as the National Programme for Urban Regeneration.

2.3 GOOD PRACTICE AND LESSONS LEARNED

It is hard to draw early lessons, as the region did not implement Integrated Urban Projects during the previous period, nor did it take part in the previous generation of domestic urban policy contracts. However, municipal and inter-municipal actors are familiar with territorial strategies, including in the field of urban policy. The 2015-2020 city contract built on the previous periods of domestic urban policy instruments, particularly regarding the engagement of inhabitants and local stakeholders, and project-based implementation. Similarly, commitment of all partners to the integrated strategy, through other domestic policies and SUD, were more clearly stated and quantified. The region (managing authority) was satisfied with its assistance to eligible inter-municipal groupings in preparing their applications for ITI. It praised Lille Metropolis' choice to opt for calls for projects in instalments per investment priority, which improves project selection and adaptation to the financial envelope.

Both the urban authority and the managing authority noticed similar challenges, particularly with regard to the coordination between the ERDF and domestic policies.

The urban authority wanted to be able to launch common calls for ITI and city contract funding, which would have improved coordination. Instead, this was addressed through close articulation of both policies (i.e. calendars) and in-house management of separate administrative requirements (increasing the workload). The urban authority also reported that the lack of alignment between the priorities of the ITI and the city contract, as well as the restrictive selection criteria set out in the Implementation Document, limited the number of projects fit for both frameworks. As a result, increased technical support to municipalities and applicants is expected for each call for applications. Other identified sources of complexity concerned differences in terminology and greater administrative complexity of ESIF applications. Indeed, the managing authority reported application-related complexity particularly in the fields of economic and digital development, and warned of a potential eviction effect. Furthermore, the implementation of the National Programme for Urban Regeneration, which should provide substantial co-funding opportunities and guarantee ESIF leverage effect, has been delayed due to stronger requirements in the form of preparatory studies (also noted in the Franche-Comté case study).

The urban authority pointed at the disconnect between the delegation of project identification and selection and retaining financial management, including of technical assistance, which raises issues in terms of appropriate administrative resources and visibility regarding strategic management (finance, programming scheduling). Furthermore, the additional step required by the implementation through an intermediate body, as well as the double appraisal performed by the urban authority and managing authority, seem to have generated delays. The above-mentioned challenges seem all the more constraining as ITI envelopes are ring-fenced only until December 2018.

Strategy fiche – Zagreb, Croatia

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	1,000,000 – 5,000,000 inhabitants

Urban agglomeration Zagreb (hereinafter: UAZ) is the largest urban agglomeration in Croatia and is considered as the most developed area in Croatia. It consists of the City of Zagreb and 29 other local authorities, 10 cities and 19 municipalities. The centre of the agglomeration is the City of Zagreb, which is the capital of the Republic of Croatia and also the largest city in Croatia (790,017 inhabitants, according to the population census in 2011). The City of Zagreb has dual status, as a local authority (city) and as a regional self-government (county). Zagreb is the strongest economic centre in Croatia and its role is crucial for the whole economy of the UAZ. The main industries/economic activities are: trade; professional, scientific and technical activities; construction work; manufacturing; information and communication services; accommodation and food services; real estate; administrative and support services; and transport and storage.

Targeted areas

The UAZ extends to the area of the three counties (City of Zagreb, Zagrebačka County and Krapinsko-zagorska County). Cities that are part of the agglomeration comprise Zagreb, Donja Stubica, Dugo Selo Jastrebarsko, Oroslavlje, Samobor, Sveta Nedjelja, Zelina, Velika Gorica, Zabok and Zapresic. Municipalities that are part of the agglomeration comprise Bistra, Brckovljani, Brdovec, Dubravica, Gornja Stubica, Jakovlje, Klinča Sela, Kravarsko, Luka, Marija Bistrica, Marija Gorica, Orle, Pisarovina, Pokupsko, Pušća, Rugvica, Stubičke Toplice, Stupnik and Veliko Trgovišće. The total population covered by the agglomeration is 1,086,528.

Challenges and objectives

Activities that can be implemented through ITI contribute to the following thematic areas: progressive cities – cities as initiators of economic development; clean cities – cities working against climate changes; and inclusive cities – cities working against poverty. Some of the key challenges that are highlighted in sustainable urban development in Croatia are: the impact of the crisis on employment, particularly high unemployment of young people; the need for more rational use of existing capacities; and the concentration of demographic and social challenges.

There are major differences in development between the different parts of the UAZ (i.e. urban and rural areas). One of the most common challenges of rural areas is the insufficient capacity to create high-quality and long-term sustainable jobs (currently, they are lagging behind the urban areas).

The draft version of the development strategy of the UAZ defined 3 main objectives and within them 12 priorities. They focus on improving the quality of life, public and social infrastructure, the development of a sustainable economy, and environmental management.

The strategy is not yet completed. All members of the UAZ (29 local governments) must first adopt it at their sessions of the municipal council, and after that the strategy will be reviewed for adoption in Zagreb City Council. The expected date of finalisation and adoption of the strategy is the fourth quarter of 2017. The delay in adopting a strategy relates to the fact that Croatia will hold local elections in May this year, and it will take a few months after the elections to move forward with the operational business.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF / CF	1a, 1b	2a, 2c	3a	4b, 4c	5a	6c, 6e	7a, 7b		9a	10a	
ESF						6i, 6ii	7i, 7ii	8i, 8ii, 8v, 8vi, 8vii	9i, 9iv, 9v	10i, 10ii, 10iii, 10iv	11i, 11ii

Rationale and added value of the strategy

ITI is a new mechanism of funding in Croatia which consists of a set of activities that can be financed from three different funds – ERDF, CF and ESF. The use of the ITI mechanism has been agreed as part of the Partnership Agreement which Croatia has signed with the EC, where it is stated that ‘the sustainable urban development concept, as defined by Article 7.2 of Regulation (EC) No 1301/2013 will be implemented in Croatia exclusively through the Integrated Territorial Investment (ITI) mechanism’.

In addition to encouraging the UAZ to develop an integrated and joint approach to development through the use of grants in this unfavourable economic situation, the goal of ITI is to allow the retention and improvement of social conditions and investment in the growth and development of economic competitiveness and environmental protection, thus meeting the needs of the residents of the UAZ. Also, ITI needs to respond to the dual need of the UAZ: to recognise the UAZ as a carrier of development and growth in Croatia and to ensure its competitiveness at the EU level, but also to contribute to equal development within the UAZ (i.e. support to less developed areas).

Implementation mechanisms

The ITI mechanism will be implemented by using grants through the OP ‘Competitiveness and Cohesion 2014-20’ (OP Konkurentnost i kohezija 2014-20; abbr. OPKK), which is co-financed from the European Regional Development Fund and the Cohesion Fund, and the OP ‘Effective human resources 2014-20’ (OP Učinkoviti ljudski potencijali 2014-20; abbr. OP ULJP), which is co-financed from the European Social Fund. Interventions are relatively diverse and enable the integration of infrastructure projects and soft activities.

Funding arrangements

In accordance with the MA’s call for proposals to select urban areas where ITI will be implemented, the indicative amount of funds for the implementation of ITI in the UAZ is €91,872,881.20. In the draft version of the development strategy of the UAZ (SRUAZ), the indicative financial framework for the implementation of all activities is set at €3,073,062,614.69 (exchange rate of 2 January 2015.). The detailed plan will be determined in the action plan as a separate document. In devising the financial framework, the possibilities of financing through EU funds were based on the determined ratio of co-financing through the ITI mechanism (for those projects eligible for ITI); for other activities and projects, stakeholders have submitted indicative estimates of the share of co-financing by source as defined in the guidelines for the development of a strategy for urban areas. Given that this is the first generation of this strategic document, it is expected that by strengthening communication and cooperation in the implementation of development projects, funds will increase in the forthcoming period.

Type fund	Name fund	Amount
ESIF	ERDF	<i>Unknown</i>
	ESF	<i>Unknown</i>
	Cohesion Fund	<i>Unknown</i>
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Being considered	<i>Unknown</i>
Other	Being considered	<i>Unknown</i>

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The process of strategic planning for SUD in the UAZ includes the following steps: (i) defining the urban area; (ii) establishment of the urban area; (iii) establishment of Partnership Council; (iv) development of the strategy; and (v) acceptance and adoption of a strategy. The UAZ was established on 3 March 2016.

The developer of the strategy is the City of Zagreb, but representatives of all 30 LGs (members of the UAZ) were involved in the design process. A series of working meetings and workshops as well as sectoral consultation regarding the use of ITI were held.

The Partnership Council (PC) of the UAZ was established on 2 June 2016. Its tasks is to participate in the preparation, development and monitoring of the implementation of the strategy. The PC consists of representatives of all local government units in the UAZ, counties and regional coordinators, other public bodies whose participation is significant for the development of urban areas, universities, educational providers and training and research centres, economic and social partners, as well as civil society organisations. Cities and municipalities have proposed their own members from the public, economic and civil sector. Also, county and regional coordinators have proposed their own representatives. Furthermore, the PC invited representatives of higher education institutions, educational providers and services, economic and social partners and civil society organisations in the area of the UAZ.

In the context of the initiative for the establishment of a PC, the consultation with the MA (Ministry of Regional Development and EU Funds) was carried out, regarding the specificity of Zagreb due to the extremely large number of participating local governments on the one hand and also the need for representation of all sectors involved on the other hand. The MA positively reflected on the proposals and set out the City of Zagreb as the developer of the strategy and the initiator of establishing partnerships. A total of 57 members and their deputies were proposed and selected for the Partnership Council – representatives of all cities, municipalities, counties, regional coordinators, scientific and educational institutions, business and civil sectors.

During data collection, the following sources were used: databases of the Central Bureau of Statistics, FINA data, official documents of the Ministry of Regional Development and EU Funds, reports and publications of public bodies and other relevant institutions, development strategies and sectoral papers of local governments (LGs) within the UAZ, county development strategy, land use plans and status reports in the area of the county and local level, county and local budgets, and various other official publications, reports, plans, programmes and similar documents of individual LGs and counties, and direct contacts and consultations with various stakeholders. Based on the collected data, objectives and priorities were defined for the strategy.

Projects, activities and the estimated value, together with the relevant measures of the SRUAZ and planned financial amounts, were presented as a basis for drafting the final version of the ITI contribution during the second meeting of the Partnership Council of the UAZ. The material on the relationship between ITI goals and the SRUAZ was presented and handed over to the members of the Partnership Council. After collecting the budget and plans for development projects of all local government units and the modification of the SRUA measures, the draft proposal of ITI contributions v2.0 was submitted by e-mail to all members of the Partnership Council after the second meeting, which was held on 21 June 2016. Members of the Partnership Council and all local government units of the UAZ were able to comment on the draft proposal of contributions electronically.

To successfully use the funds via ITI, the key requirement is a finalised strategy. Accordingly, continued intensive work of all relevant stakeholders is required. This includes maintenance of thematic workshops, consultation of the PC of UAZ and obtaining the opinion of the PC on the final draft of the strategy, obtaining the opinion of the representative bodies of LGs in the scope of the UAZ, and finally the adoption of the strategy by Zagreb City Council.

Consultation process

The consultation process included the active participation of all local government units. At the invitation of the City of Zagreb, via the web form, the local government units from the UAZ submitted their project proposals and activities. Deliveries of the operations took place on several occasions, following the instructions supplied in the second sectoral dialogues, in which all local government units were invited to explain their projects and were familiarised with the process by MRDEUF.

On 14 June 2016, the workshop related to the strategic framework and the drafting of ITI contributions was held. The objectives, priorities and measures whose implementation is possible through the ITI mechanism were proposed and discussed. Also, all participants were familiarised with how to make ITI contributions, and they received information brochures on the implementation of the ITI mechanism in the UAZ.

Links to domestic pre-existing strategies

The Act on Regional Development, which was adopted by the Croatian Parliament in late 2014 and entered into force on 1 January 2015, established an implementation framework for regional development policy in the Republic of Croatia and introduced new spatial planning categories – urban areas. It is the basis for all urban strategies in Croatia. The SRUAZ is a completely new strategy based upon the Act on Regional Development. It is the first urban strategy in Zagreb.

Measuring the effectiveness and added value of the strategy

The City of Zagreb, as a holder of the strategy, is responsible for monitoring the implementation of the SRUAZ as a whole and for assessing the progress achieved throughout the implementation period.

The effectiveness of the SRUAZ will be measured through performance indicators (impact) and outcome indicators (outcome/result). Each objective is connected to one or more performance indicators. Their monitoring is crucial to understand whether the objectives

have been achieved or will be achieved. Ideally, there should be one or more performance indicators for each objective. Performance indicators must be quantified in order to have measurable objectives. Each performance indicator should show up in the form of quantified impact(s) that should be accomplished. It is considered that the objective is achieved if the expected effects are achieved. Output indicators must also be quantified in order to make priorities or measures measurable. It is considered that the priority or measure is achieved if the expected outcomes are achieved.

Quantification of expected indicators is an important part of the design of the SRUAZ and can be particularly complex. The successful implementation of the SRUAZ will depend on the financial resources that local governments of urban areas will be able to provide from different sources and on the successful implementation of identified development projects. Therefore, the quantification of indicators should be based on the estimated number of activities/programmes/projects that can be implemented within each objective and on their maturity and financing options.

Key challenges

Following the guideline for the development of strategies of urban areas, including monitoring their implementation and the subsequent evaluation, the working group faced several challenges in the UAZ. The main challenges were: a lack of data on the level of individual cities and municipalities; inconsistency of data in terms of detail of the information collected; inconsistency of data on the same phenomenon from different relevant sources; periods covered by time series (if any) that are different from case to case; outdated, but the only public and readily available data; different data on the same case analysis depending on the data source; limited time and resources to collect all relevant data in a uniform way in order to be credible in view of the actual situation.

Also, when formatting an indicative financial framework, one of the challenging things was how to connect data from different levels, as well as the completely undefined relationship between strategic development projects and other projects at the national level, counties/part-counties that are included in the scope of the UAZ, and other projects that are important to the UAZ.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The MRRFEU is the coordinator of the implementation of ITI (responsible for the overall coordination of the ITI implementation and control system) and also the MA for the OPKK. The MA for the OP ULJP is the Ministry of Labour and Pension System (MRMS). Both (MRRFEU and MRMS) will be responsible for: the preparation and approval of a detailed plan on ITI implementation; drafting criteria and methodology for the selection of operations (within the working group for drafting selection criteria, which includes ITI IBs); submission of the methodology to the monitoring committee; drafting and launching calls for proposals; approval of the financing decision and making payments; supervision of ITI management and control systems; and drafting an implementation report.

The intermediate body (IB1) representing the UAZ will be named the 'Department for the Implementation of ITI'. It will be based within the Sector for Development of the System and the Implementation of ITI, which is part of the Office for EU Programmes and Projects, managed by the City of Zagreb. IB1 will consist of two sections: the department of operations in the field of OPKK and the department of operations in the field of OP ULJP, in accordance with the different roles of ITU PT in the two operational programmes under the ITI mechanisms. For IB1, nine systematised working positions are planned. The main responsibility of IB1 will be to participate in drafting criteria and methodology for the selection of operations for OPKK and OP ULJP, and also to participate in drafting calls for proposals in order to provide expert assistance.

Further, there are three intermediate bodies at level 2 (IB2). For the OP ULJP, the IBs are the Croatian Employment Service (Hrvatski zavod za zapošljavanje, HZZ) and the Agency

for Vocational Education, Training and Adult Education (Agencija za trukovno obrazovanje i obrazovanje ostalih, ASOO). For the OPKK, the IB is the Central Finance and Contracting Agency (Središnja agencija za financiranje i ugovaranje, SAFU). The main roles and responsibilities of both IB2s will be: receiving and registering applications and administrative checks; verification of eligibility; quality evaluation; delivery of information to final users; monitoring of contract implementation; verification and validation of expenditure; submission of reports, etc.

Special implementation arrangements

There are no special implementation arrangements in the strategy. Neither financial instruments nor CLLD are being used. ITI will be implemented through the combination of ERDF, CF and ESF funds. Certain measures of the Zagreb strategy will be partially funded through ITI, while the other activities will be funded from ESI, national, regional and local funds. At this stage, it is difficult to tell how effective this integrated approach will be, but it is an opportunity for all decision-makers and other involved bodies to understand the potential and positive effects of an integrated approach.

Implementation progress

The strategy is not yet finished, and it is still unknown when it will be finished and/or adopted. It is expected that it will be adopted in the last quarter of 2017.

Evaluation

In accordance with Article 48 of the Act on Regional Development, the documents of regional development policy are subject to evaluation during their development, during their implementation and after the implementation. The evaluation should be carried out on the basis of the rules of procedure and methodology of the evaluation of regional development policy.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The implementation of ITI in Croatia is at its very beginning, and therefore it is too soon to clearly identify good practice and lessons learned. So far, it can be concluded that there is need for an innovative administrative approach and changes in the way that public bodies operate when considering urban development. Local governments still face numerous uncertainties, and better communication is required between MAs and LGs. Furthermore, national regulations complicate an already complex and ambitious process, and certain simplifications in regulation are necessary. When this process ends, it will be possible to clearly determine what to do better and how to do it better.

Strategy fiche – Debrecen, Hungary

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	100,000 - 250,000 inhabitants

Debrecen is the second-largest city in Hungary, and for many centuries it has acted as a regional centre. It benefits from a location at the crossroads of important road and rail routes, now supplemented by a regional airport. The delivery of a focused economic development plan, and a strong emphasis on knowledge and innovation reinforced by the steadily growing university-based research sector, has enabled the attraction of a range of high-value-added, technology firms into the city's industrial areas. A complex urban development scheme has helped to modernise public infrastructure. The population size has been modestly increasing; however, combating unemployment and addressing the apparent skills mismatch need continued efforts.

Targeted areas

The integrated, sustainable urban development programme does not apply a direct geographical concentration approach. However, in the situational analysis undertaken in the preceding, broader conceptual design and strategy-formulation phase, the various city segments were ordered into 10 categories and assessed accordingly. The conclusions in the concept and long-term, integrated settlement development strategy (abbreviated to ITS in Hungarian) highlighted that the different types of problems presented a strong concentration in the densely populated areas of the city, particularly in tenement block areas where building structures are outdated, and where the increased use of cars challenges transport infrastructure. In addition, green and public spaces are scarce and/or of modest quality. Inadequate transport networks constitute a general problem, while the city sections that lie alongside the city boundaries suffer from the absence of public transport facilities and other public infrastructure (e.g. drainage, wastewater treatment). The integrated settlement development strategy, the basis for the integrated, sustainable urban development programme, defined two action areas (Dobozikert, Nagy-Sándortelep – Vulkán telep) where segregation-related indicators call for social-urban regeneration measures. Additionally, three further action areas (city centre, university area and the city park, southern industrial park) were designated to expand their present functions. The action-area approach allows for a critical mass of funds and the strong coordination of interventions, but not exclusivity of funding. As the modification of the national rules ties social rehabilitation interventions to the action-area approach (and segregation), the integrated settlement development strategy is to be changed so that more action areas become included. The integrated, sustainable urban development programme uses the action areas from the integrated settlement development strategy, and several measures are restricted to only one action area.

Challenges and objectives

In order to enhance competitiveness, the integrated, sustainable urban development programme aims at improving the transport infrastructure as well as the business infrastructure and environment, and promoting high-quality tourism products and services. The objective of fostering the natural and built environment essentially focuses on

weaknesses in public systems. The goals of enhancing educational and cultural facilities as well as social and health networks advance labour-force quality and social cohesion.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4c, 4e		6e		8b, 8c	9a, 9b		
ESF								8i	9i		

Rationale and added value of the strategy

The integrated, sustainable urban development programme fits into a broader planning process; cities were requested to update their integrated urban development strategies and received technical support from the 2007-13 Regional Operational Programmes accordingly. First, a comprehensive situational analysis was developed, followed by the drafting of an integrated settlement development concept and strategy. Debrecen, to a large extent, wished to continue the trajectories set forth in its economic development strategy and the first integrated urban development strategy (adopted in 2008). Accordingly, the city designed the present integrated, sustainable urban development programme around these objectives, while it acknowledged that the focus needs to be narrowed in order to reconcile it with the pre-defined menu of intervention areas. The principal contribution of the programme to the long-term municipal strategy is its strong emphasis on local economic/business development and on the strengthening of public sector efficiency.

Implementation mechanisms

The integrated, sustainable urban development programme (the ITP) is funded by Priority 6 of the Territorial and Settlements Development Operational Programme. In addition to the 5 percent ERDF minimum requirement, ESF resources have been made available. The 'Modern Cities Programme', which is partly financed from the national budget, is delivered in parallel, and it may even reinforce efforts under the integrated, sustainable urban development programme. However, the two programmes are not formally linked.

The integrated, sustainable urban development programmes are ruled under the category of integrated territorial programmes in the national regulations, and they are implemented in accordance with a specific procedure called the 'territorial selection mechanism'. This procedure delegates programme preparation and project-selection responsibilities to the cities.

Debrecen has also applied under the call for the establishment of local action groups and submission of local development strategies. The selection process is underway. Nonetheless, the CLLD selection and implementation mechanism is independent from the execution of the integrated, sustainable urban development programme. No financial instruments will be used in any of the above intervention frameworks.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 102,469,333
	ESF	€ 13,048,000
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Co-financing	€ 20,385,412
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	<i>Unclear</i>	
Other	Not considered	

The importance of European funding cannot be overstated, as the scope and dimensions of investments would far exceed the financial capacity of even the most prosperous municipalities.

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

Strong political will to delegate the responsibility of local development planning resulted in the definition of a financial allocation for each city with county rights. Although the broader integrated settlement development strategy formulation process had not yet been influenced by funding decisions, by 2014 it became evident that the Territorial and Settlements Development Operational Programme would be the sole funding provider. Therefore, a new document was called for, formally an 'integrated territorial programme' (integrated, sustainable urban development programme), which essentially narrowed the strategy to fit the operational programme and set forth the details necessary for its operationalisation. For Debrecen, the ultimate goal of the integrated, sustainable urban development programme is to establish a wide and secure revenue base with economic (industrial) development and job creation playing a central role.

When speaking about design, a distinction must be made between the two different phases of preparing (i) the integrated settlement development strategy and (ii) the integrated territorial programme (integrated sustainable urban development programme). The first phase was a wide-focused, broad-based, partnership-supported process. In comparison, the second exercise was seen as the production of a technical document and performed primarily in close cooperation between the city and the MA. The responsibility of drawing up the strategy as well as the programme lay with the municipality. Debrecen decided to fully engage the Urban and Economic Development Centre (EDC) – a not-for-profit local development company, for which it holds the majority of shares – and it conferred the function of coordinating the planning to the EDC. Nonetheless, close follow-up and high-level political supervision from the mayor's office was ensured. As the national rules applicable to the preparation of the strategy also cover land use, even more stakeholders were involved (e.g. chief architect) than directly relevant. The process was led by the city municipality/EDC, and the identification of the stakeholders relied on previous experience and working routines. The cities were given freedom to define their strategic objectives on the basis of situational analyses. However, the national rules and instructions received from the MA laid down a standardised framework, including format and content and, to some extent, methodology. For the elaboration of the integrated sustainable urban development programme, a detailed guidance note was issued by the ministry. This proved to be useful, but it became more restrictive once the content of the operational programme and the funding provisions crystallised, and the MA took over the responsibility from the planning department of the ministry. Cities could only choose from a menu, and an indicative internal breakdown of funds was set up by the MA. An iterative process shaped the content of the programme, whereby the ministry/MA and the city discussed the draft and agreed necessary changes. Approval took the form of a government decision. The most influential internal factors for the Debrecen programme comprise strong political

commitment, setting up a long-term trajectory, and previous planning and delivery experience.

Consultation process

The intensive partnership mechanism essentially linked to the drafting of the long-term, integrated settlement development strategy. Nonetheless, the preparation of the integrated, sustainable urban development programme and the consultation process supporting the finalisation of the integrated settlement development strategy coincided with regard to their timing. A partnership plan was devised for the integrated settlement development strategy to promote working with a broad range of stakeholders. The basic underlying purpose comprised improving support for and ownership over the strategy, engaging private sector finance and representing the interests of the civil sector. Three categories of partners were differentiated: the public sector, socio-economic partners and the local communities (the population). Working groups were set up for six focus areas (social, health and education; culture and sports; economy and R&D&I; environment and energy; transport; territorial development) to discuss the draft concept and strategy and submit their observations. Open consultation was launched in order to inform the wider public as well as the social and economic actors upon the aims of the strategy-formulation process. The website 2020.debreceen served as the primary communication channel, making all documents available for downloading and receiving comments. The e-mail address 2020@debreceen constituted the other important element of online communication facilitating the exchange of information and continued dialogue between the planners and the partners. Furthermore, eight locations hosted public fora where local residents received an explanation of the strategy and information on the envisaged interventions in their localities. These events were attended by an official with the status of the deputy mayor, at least. A drawing competition helped to explore the perception of children for the city's future, while an ideas competition encouraged university and college students to share their thoughts on improving apartment-complex areas and community spaces. Contributions from both the civil sector and local residents were more limited than expected; recognising and utilising the opportunities offered by such a planning process requires awareness, knowledge and skills that take time to develop. The rather technical style of the documents also proved discouraging. Local residents were efficient in identifying concrete problems in their localities, and this was encouraged and used for drawing up the problem map; since then, both the civil sector and local communities have shown growing engagement in reflecting on planned/implemented developments.

Links to domestic pre-existing strategies

The integrated, sustainable urban development programme was the outcome of a comprehensive planning process that was meant to update the integrated urban development strategy (presently called the integrated settlement development strategy) that the city had devised for the implementation of measures under the 2007-13 regional OP. The current goals essentially derive from this previous strategy and are harmonised with the thematic objectives covered by the OP priority axis. (There is only one specific objective in the integrated settlement development strategy, namely innovation that the programme cannot directly address, as this thematic objective is covered by the Economic Competitiveness and Innovation OP).

Measuring the effectiveness and added value of the strategy

All integrated, sustainable urban development programmes have to contribute to the objectives that the Territorial and Settlements Development Operational Programme sets out. Correspondingly, the indicators and milestones defined in the Operational Programme were broken down and determined, proportionate to funding for each city. Namely, if a city accounts for 5 percent of the total funding for a measure in the Operational Programme, it should satisfy 5 percent of the measure-level indicators. The indicators are (common) output indicators (e.g. length of upgraded roads, area of new or renewed public space), and therefore their measurements should proceed in a relatively smooth manner. Moreover, some of the indicators allow for the measurement of their direct contribution to EU2020 targets, otherwise the nature of the relationship is more indirect and could be

better grasped by evaluation. Another important aspect of appraising the specific role the ITP can play in promoting EU2020 targets is the integration of a range of interdependent, mutually-reinforcing measures within the same framework. The added value comes from the synergies that the concerted delivery of these measures offers.

No softer types of indicators are employed. However, interpretation issues emerged and had to be addressed by the MA. Additionally, an indicator working group was set up by the Prime Minister's Office.

The added value going beyond the indicators comprises: a stable long-term financial framework; new implementing mechanisms that do not require cities to compete for funding with each other and which are therefore more resource-efficient; measures that allow the testing of new, prospective instruments (e.g. digital literacy); new partnerships based on employment pacts; changes over the long term set in motion by the interventions (e.g. the added value of an employment pact is caused by the specific changes in employment conditions rather than by the number of jobseekers).

When assessing the effectiveness of the integrated, sustainable urban development programmes, due consideration should be given to the fact that it receives funding solely from the territorial operational programme, and thus the scope is limited to four thematic objectives, whereas tackling the complexity of the current urban problems requires an even greater diversity of interventions. The integrated, sustainable urban development programme could therefore be fully assessed as part of a broader approach.

Key challenges

Parallel finalisation of the operational programme and negotiations with the Commission as well as the formulation of the national implementing rules created a rather rapidly changing environment and required redrafting of the ITP.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

In accordance with Article 7 of the ERDF regulation, urban authorities are assigned with tasks relating to the selection of operations; this responsibility is shared with the MA (Ministry of National Economy). The projects of the city are generally selected via a direct award mechanism, other project promoters are subject to a competitive selection process. The city assesses all applications on the basis of the territorial selection criteria defined in the ITP. These considerations essentially measure the contribution of the project to the general aims of the ITP. When the city appraises its own projects, the principle of separating functions applies. This means that within the municipal administration a functionally independent department has to be designated to undertake the assessment of project applications. Furthermore, in cases where competitive selection procedures are employed, the city is represented on the selection board in a co-decision capacity.

The MA (IB) is in charge of admission and eligibility criteria checks, and it also appraises the application against coherence with the OP and compliance with the regulations (e.g. cost-efficiency), a set of criteria established by the MA. The final approval decision and the verification of selection procedures remains with the managing authority for all projects.

Regarding implementation-related tasks, the city monitors and reports on progress with the delivery of the ITP and at the same time prepares and manages individual projects. The city acts as the beneficiary for an overwhelming majority of the projects, whereby a direct award procedure applies. For a limited allocation, the city will later issue calls for proposals (e.g. for supporting faith-tourism projects). Also, the city acts as the primary contact point for the integrated, sustainable urban development programme towards the local stakeholders, the IB (local office of the State Treasury) and the MA. In Debrecen, monitoring is satisfied at two levels: the mayor's cabinet follows up the delivery of the

programme, and coordination with the Urban and Economic Development Centre is fulfilled on a daily basis.

The MA (IB) satisfies a broad range of functions connected with the preparation, approval and delivery of the integrated, sustainable urban development programme. The Territorial and Settlement Development Operational Programme translates into an 'annual development framework'. With the development of this implementation plan, the MA lays down the key characteristics of the measures to be launched within the forthcoming 12 months. It is prepared by the MA with inputs requested from the cities for ITP-related calls. Calls for proposals are prepared by the MA and the draft version is sent to the city for comment.

The MA launches the calls, collects applications (via the IB), signs the grant contract for approved projects and undertakes the financial management (check and financial control) tasks. The managing authority also monitors and assesses progress on a regular basis, its main tools being regular reports from the city with a strong emphasis on presenting progress in terms of meeting indicators as well as formal meetings and on-going contact. Evaluation is centralised, and the function is fulfilled by the Prime Minister's Office, but with full involvement of the MA.

Special implementation arrangements

The integrated, sustainable urban development programme uses both ERDF and ESF finance. The allocations are fixed at the level of the specific objective and confirmed by the adopting government decree. Cities had little room for manoeuvre when designing their programmes; they could propose small-scale modifications to the pre-established financial table. Key challenges lie with the mechanistic breakdown of funding, implying that some cities consider their funding to be over-budgeted or under-budgeted for certain specific objectives. Reallocation between the budget lines (specific objectives) is not allowed.

CLLDs are supported by Priority 7 of the Territorial and Settlements Development Operational Programme and do not form part of the integrated, sustainable urban development programme. The managing authority issued separate calls for proposals, and local action groups are foreseen to be confirmed in a few weeks' time. In the application phase, Debrecen took a proactive role and encouraged different local institutions and organisations to work together to define common objectives and priorities. This approach is explained by the nature of the interventions envisaged in the CLLDs, namely these measures can reinforce the outcome of the ITP-funded projects. The CLLD mechanism, nonetheless is independent from the implementation of the integrated, sustainable urban development programme.

Implementation progress

The programme is realised through projects, the overwhelming majority of which are implemented by the city. Project applications are submitted in response to calls for proposals launched by the MA. So far, 16 calls for proposals have been issued and a few grant contracts for the earliest-selected projects have been signed. Challenges have stemmed from the belated approval of the operational programme, which led to a delay in the preparations and commencement of the execution of integrated, sustainable urban development programmes. Also the institutional system for the Territorial and Settlements Development Operational Programme was completely recalibrated, the MA transferred from the centralised National Development Agency into the line ministry, and the regional development agencies were replaced by the county network of the State Treasury; to get the new systems up and running proved a time-consuming process. The city is concerned about the shortened period for project delivery and the relative scarcity of experts and service providers (e.g. architects, construction companies), as a great number of projects would need them simultaneously, and this is perceived as a risk. Otherwise, the EDC has been in charge of project preparation, and with its one-and-a-half decades of experience it has not met any particular difficulties in either developing projects or setting them in motion.

As cities are entitled to receive and comment on the draft calls for proposals, inadequate or impractical terms and conditions were quickly recognised. They often relate to the approach of the MA to somehow target the middle ground through its calls while the context (size, functions etc.) of the cities largely differ. In cases of a strategic and/or systemic nature, the issue is dealt with by the Association of Cities with County Rights, a strong advocate of the cities' interests. Technicalities are sorted out by the city and the MA, and the flexible approach usually taken by the latter is appreciated.

Evaluation

As the implementation of the first projects has just commenced, no specific arrangements have been put in place to evaluate the programme at the municipality level. It is clearly considered to be too early. Nonetheless, the intention of the city is firm, and an evaluation will be organised at a later phase. The function of evaluating the operational programmes is centralised and lies with the Prime Minister's Office. ITP-related evaluation is included in the adopted evaluation plan.

2.3 GOOD PRACTICE AND LESSONS LEARNED

A surprising lesson relates to partnership and consultation. To launch the broader, strategy formulation followed by the programme design process, the city embarked on an extensive awareness campaign (media, Internet), but the real contribution proved to be of a much lesser scale. Civil organisations displayed a notably lower level of activism than foreseen, with the exception of an enthusiastic local transport association. The differences that arose between the ultimate goals of the settlement development strategy, the integrated, sustainable urban development programme and the prime concerns of the local communities are dimensional. The public audience showed a strong interest in finding solutions for immediate constraints (e.g. resurfacing the local road), but discussions on the long-term strategy received little citizen involvement. Therefore, the public was invited to help with problem-mapping where their practical concerns could really fit in, and the focus of discussions shifted from the long-term strategies at the city level to the locality. Various reasons were taken into account, including that the documents were too heavy and technical for the citizens even to read, let alone to speak about after digesting the content. Also, further efforts are needed so that citizens gained a sense of ownership and assumed responsibility for shaping the future of their local community and living environment. Debrecen intends to return to the local communities to provide information on progress and achievements under the ITP. Additionally, communication will be pursued in direct, plain language. These factors will hopefully give a new impetus to the dialogue. Experience with the civil organisations also helped the city to recognise the need for a proactive role in the CLLD preparatory process.

The elaboration and implementation of the integrated, sustainable urban development programme also had a beneficial impact on the municipal administration. Namely, the internal information system and coordination regime have had to be stepped up, and close cooperation among the stakeholders helped to prevent problems or to respond to problems quickly. Also, the experience fits the municipality's idea of improving performance through the establishment of a city management centre. This would encompass all public service institutions, and it would enable the exploitation of the vast amount of knowledge that these organisations have accumulated so far. The SMART City concept is employed as a horizontal principle, and it is embedded in all the relevant projects (e.g. the use of smart meters when upgrading infrastructure).

The general lesson of the ITP planning exercise is two-fold: delays and overlapping processes created uncertainty. A different schedule should be employed next time which takes account of interdependency and ensures an adequate timeframe for decisions as well as sequential activities. Mechanistic projection of programme-level commitments to the cities is not necessarily feasible, as for example the breakdown of indicators shows; the menu system should also provide for more flexibility. Employment pacts add value in Debrecen where the unemployment rate calls for intervention; however, alternatives could be more useful in cities struggling with the lack of skilled workers.

Strategy fiche – Tatabánya, Hungary

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	50,000 - 100,000 inhabitants

Tatabánya lies 55 kilometres northwest of Budapest. It is situated in the path of important domestic and international transport routes, both road and rail, running westwards (e.g. Budapest-Vienna motorway). Tatabánya was established through the amalgamation of four neighbouring settlements. Its population, which is close to 70,000, has been declining and ageing; Budapest exerts a notable brain-drain effect. This former mining and heavy industrial centre has long focused on economic restructuring to create new job opportunities. The urban economy is driven by the export-focused, high-technology companies (pharmaceuticals, electronics, machinery, etc.) operating in the industrial park.

Targeted areas

The integrated, sustainable urban development programme does not apply a direct geographical concentration approach, and the ITP covers the entire area of the municipality. However, the 14/2012 (XI.8) Government Decree on the integrated territorial concept, strategy and land-use instruments prescribes the employment of action areas. These areas are defined in the integrated settlement development strategy and refer to areas where the local government has the competences (i) to influence or undertake investments, and (ii) to plan such interventions over the medium term. Social urban rehabilitation is linked to action areas, but municipalities may also choose to determine other action areas for different types of interventions. Tatabánya selected four action areas in its integrated settlements development strategy to concentrate social and/or economic development support accordingly. The integrated, sustainable urban development programme uses the action areas from the integrated settlement development strategy.

Challenges and objectives

Social sustainability interventions should focus on addressing the consequences of unfavourable demographic trends, deficiencies in public services and infrastructure (social, educational, health, cultural), segregated urban areas and marginalisation. The main challenges related to the built environment include abandoned buildings and sites, and panel-built apartment complexes with outdated (insulation, heating etc.) systems. The natural environment suffers from mining and industry-associated damages and growing traffic. Measures are needed to improve ecological stability. Local companies need support in entering the (sub-)supplier market, inter-firm cooperation and skills development, as well as in accessing upgraded business infrastructure and services.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4c, 4e		6e		8b, 8c	9a, 9b		
ESF								8i	9i		

Rationale and added value of the strategy

The integrated, sustainable urban development programme fits into a broader planning process; cities were requested to update their integrated urban development strategies and received technical support from the 2007-13 regional operational programmes accordingly. First, a comprehensive situational analysis was developed, followed by the drafting of an integrated settlement development concept and strategy.

In devising the integrated, sustainable urban development programme, a menu system was presented to the city with a proposed funding allocation for each type of intervention. This could have been modified – to a certain extent – in duly justified cases. The primary role of the integrated, sustainable urban development programme is therefore seen as the basis for absorbing the ESI funds.

Implementation mechanisms

The integrated, sustainable urban development programme is funded by Priority 6 of the Territorial and Settlements Development Operational Programme. In addition to the 5 percent ERDF minimum requirement, ESF resources have also been made available. The 'Modern Cities Programme', which is partly financed by the national budget, is delivered in parallel, and it may even reinforce efforts under the integrated, sustainable urban development programme. However, the two programmes are not formally linked.

The integrated, sustainable urban development programmes are governed under the category of integrated territorial programmes in the national regulations, and they are implemented in accordance with a specific procedure called the 'territorial selection mechanism'. This procedure delegates programme preparation and project selection responsibilities to the cities.

Tatabánya has applied under the call for the establishment of local action groups and submission of local development strategies. The CLLD scheme is formally independent of the integrated sustainable urban development programme, though their measures apparently reinforce each other. The CLLD selection process is underway. No financial instruments will be used in any of the above intervention frameworks.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 31,165,333
	ESF	€ 3,968,000
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Co-financing	€ 6,200,000
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	<i>Unclear</i>	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The preparation of the integrated sustainable urban development programme constituted the last phase of a comprehensive strategic planning process that took approximately two years. The 'territorial selection mechanism' has ensured that urban authorities have responsibility for local development planning. The strategy-formulation process started with a comprehensive situational assessment, followed by the elaboration of the integrated settlement development strategy. The twin goals which the strategy laid down comprise:

- high-value added, competitive local economy, with specific objectives being the development of the education system relevant to market needs and a dynamic business environment;
- improved county and city-level services and a modern, attractive urban environment, with the specific objectives being a modern, climate-change-conscious living environment, advanced recreation and commercial services, and a reinforced health and cultural centre function.

The horizontal principles include (i) climate change and CO₂-emission reductions and (ii) equal access to public services.

The pre-defined financial allocation covered four thematic objectives (TO4, TO6, TO8, TO9). Overall coordination was assigned to the Strategic and Project Office within the mayor's office, but other departments (e.g. Chief Architect's Office, social services etc.) also took part in the drafting and consultations. The Economic Development Organisation (Hungarian abbreviation is GFSZ), a municipally-owned company, played a central role in economic development planning. Supervision and timely decisions by the mayor were secured at fortnightly coordination meetings attended by a team of 20-25 people. The elaboration of the integrated sustainable urban development programme followed the guidelines issued by the line ministry. Grant assistance received from the regional operational programme was used to hire external experts. The general assembly granted approval at important milestones. Some project ideas that were collected were eventually not included, on the basis of the need for compatibility with project selection rules. Nevertheless, this project pipeline proved a great resource later. The integrated sustainable urban development programme planning followed a pre-defined course where the menu approach and indicative breakdown of funding constrained the room for manoeuvre. The coverage of land-use planning and integrated territorial (urban) planning by the same national regulation created unnecessary complications.

Since its adoption, the integrated sustainable urban development programme has been modified twice to undertake small-scale adjustments (e.g. providing more specific or supplementary information). A third amendment was foreseen for December 2016 to harmonise the programme with the budget-funded Modern Cities' Programme.

Consultation process

The national regulations prescribe the mandatory elements of the consultation process for integrated settlement development strategies. In accordance with these provisions, the city officially informed all the relevant state and local administrative bodies on the commencement of the planning process. Additionally, local actors were invited to contribute as early as the preparation of the situational analysis. Thematic workshops were held for economic and transport development, environment, and human public services. Irrespective of the invitations sent to specialised partner organisations and experts, these events were open to all interested parties. Furthermore, public meetings were convened in the various city districts to inform and receive feedback from the public, and an Internet-based open consultation was launched on the draft documents. A very wide range of partner organisations was approached; they showed firm commitment and ownership,

ensured adequate representation during the consultation, and provided data, information and comments. Notwithstanding the lack of similar legal obligations for the ITP as it directly derives from the strategy, targeted consultations were organised on specific themes with the specialised municipality-owned companies, local institutions and partners to be involved in the delivery of projects. Additionally, a questionnaire was used to seek views of local SMEs on business development needs. Observations and responses were fed into and considered in the strategy-formulation process and offered valuable inputs on how the strategy or its delivery could be enhanced. There was intensive collaboration with the parallel planning process in the surrounding Komárom-Esztergom county, meaning that synergies in the two programmes could be optimised; close coordination has also been maintained in the present implementation phase. The recognition that real partnership takes time has been borne in mind when implementing the integrated sustainable urban development programme.

Links to domestic pre-existing strategies

The integrated sustainable urban development programme is built upon the city's integrated settlement development strategy, and its sectoral interventions closely link to the city's sectoral strategies. In addition, the ITP has been harmonised with the integrated territorial programme of Komárom-Esztergom county. All projects implemented within the integrated sustainable urban development programme directly link to the objectives set out in the long-term strategy.

Integrated urban development strategies were introduced in 2008, connected with the use of Cohesion Policy funds. A detailed manual was issued in October 2007, and project applications for calls focused on urban rehabilitation under the regional operational programmes were submitted in the first half of 2008. This implies that, in the 2007-13 period, cities with county rights gained significant experience in strategy design and implementation. The current strategy for Tatabánya reflects a substantial level of continuation. However, the formulation and the first years of the operationalisation of the previous strategy were strongly influenced by rising unemployment stemming from the crisis. Since then, the situation has greatly changed, and the city has recently been suffering from a shortage of skilled workers in high demand by companies operating locally. Therefore, the city adds top priority to building up and securing the required skills base, and interventions in the ITP are complemented by schemes (e.g. commercial housing) and incentives funded from other sources. The reason for another departure also stems from the crisis. Strong dependence on the car and car-related manufacturing sectors increased vulnerability when reduced production promptly led to sizeable lay-offs. Diversification is now supported by tourism development. The attachment of a financial envelope for the integrated sustainable urban development programme constitutes major progress, as the stable, predictable framework enables the realisation of a much larger share of the long-term strategy than before and in a more efficient and effective manner.

Measuring the effectiveness and added value of the strategy

All integrated sustainable urban development programmes have to contribute to the objectives set out in the Territorial and Settlements Development Operational Programme. Correspondingly, the indicators and milestones defined in the operational programme were broken down and determined, proportionate to the funding for each city. Namely, if a city accounts for 5 percent of the total funding for a measure in the operational programme, it should satisfy 5 percent of the measure-level indicators as well. Cities were provided with the minimum target values they had to consider. Indicators are standard – common – output indicators (e.g. length of upgraded roads, area of new or renewed public space); results will be presented at project level. Therefore, the measurement of these indicators should not cause any difficulties, but the method of defining minimum indicator values for the cities is likely to create problems: OP-level targets were spread over the cities in accordance with the size of funding they receive. For certain types of indicators, this may work. However, the relationship between inputs and outputs is often more complex than is grasped by the above relatively simple equation. No softer types of indicators are employed. The contribution to EU2020 objectives is presented in the narrative part of the

integrated sustainable urban development programme, and it is also quantified in the indicator table.

Integrated sustainable urban development programmes create added value at different levels, as follows. (i) Tatabánya expects positive, tangible changes in the intervention areas that the ITP concentrates on (e.g. reduction in energy use, modernised, higher-quality and more customer-friendly public services, more destinations accessible by bike, etc.), and these can be measured by project-level indicators. (ii) Devising and realising the ITP requires close, well-planned and efficient cooperation among the stakeholders, and this will benefit the municipality. (iii) The integrated sustainable urban development programme serves as a key tool for achieving the strategic objectives the city laid down in its integrated settlement development strategy. (iv) The integrated sustainable urban development programme prompted the revision of the organisational set-up; the separation of economic development projects and their allocation to the GFSZ, while other projects fall into the responsibility of the mayor's office, improved role clarity. (v) Either in the current or the next programming period, the experience the city gains with the integrated sustainable urban development programme delivery can be transferred into other areas, in particular into major investments with a high level of complexity and resource needs. (vi) The ITP mechanism, namely that the cities are entitled to prepare plans against a pre-determined allocation, and the corresponding predictability of financing for projects that represent high-priority for the city, have been strongly appreciated.

Key challenges

Finalisation of the operational programme and parallel negotiations with the Commission, as well as the formulation of the national implementing rules, created a quickly-changing environment and increased the probability of redrafting the programme. In addition, the first draft call for proposals was sent to the cities for comment in this very same period. On the one hand, this prevented the superimposition of hierarchical structural elements, and on the other hand these overlapping courses allowed less time for coordination and substantially shortened the period allowed for comments. A third, partly future consequence, is the substantial number of projects that need to be executed within the same, tight timeframe and which will weigh heavily on municipality coordination, as well as project teams, amongst others.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

Urban authorities are assigned with tasks relating to the selection of operations; this responsibility is shared with the MA (Ministry of National Economy). The projects of the city are generally selected via a direct award mechanism, whereas other project promoters are subject to a competitive selection process. The city assesses all applications on the basis of the territorial selection criteria defined in the ITP. Furthermore, in cases where competitive selection procedures are employed, the city is represented on the selection board in a co-decision capacity.

The MA (IB) is in charge of admission and eligibility criteria checks. It also appraises the application against coherence with the OP and compliance with the regulations (e.g. cost-efficiency), and a set of criteria established by the MA. The final approval decision, and the verification of selection procedures, remains with the managing authority for all projects.

The city monitors and reports on progress with the delivery of the ITP, and at the same time it prepares and manages individual projects. The city acts as the beneficiary for an overwhelming majority of the projects, whereby a direct award procedure applies. In addition, the city acts as the primary contact point for the integrated, sustainable urban development programme for the local stakeholders, the IB (local office of the State Treasury) and the MA.

In terms of design and execution, all projects within the ITP are the direct responsibility of the city. Various departments are involved in project preparation and execution, providing either sectoral or horizontal (legal, public procurement) expertise. Certain coordination tasks related to local economic development projects have been conferred onto the GFSZ. All the relevant departments and the GFSZ attend the regular ITP management meetings.

The MA (IB) satisfies a broad range of functions connected with the preparation, approval and delivery of the integrated sustainable urban development programme. The Territorial and Settlement Development Operational Programme translates into an 'annual development framework'. With the development of this implementation plan, the MA lays down the key characteristics of the measures to be launched within the forthcoming 12 months. It is prepared by the MA with inputs requested from the cities for ITP-related calls. Calls for proposals are prepared by the MA, and the draft version is sent to the city for comment.

The MA launches the calls, collects applications (via the IB), signs the grant contract for approved projects and undertakes the financial management (check and financial control) tasks. The managing authority also monitors and assesses progress on a regular basis, its main tools being regular reports from the city, with a strong emphasis on presenting progress in terms of meeting indicators, as well as formal meetings and on-going contact. Evaluation is centralised, and the function is fulfilled by the Prime Minister's Office, but with full involvement of the MA.

Collaboration between the urban authorities and the MA has taken two forms. Ad-hoc consultations focus on one-off events, such as providing observations on draft documents, and information for OP-level planning and reporting tasks. OP information fora have been found most useful. Problem-specific (e.g. ITP modification, indicators) coordination usually occurs in a more structured mode.

Special implementation arrangements

The integrated sustainable urban development programme uses both ERDF and ESF finance, with the allocations fixed at the level of the specific objectives and confirmed by the adopting Government decree. Key challenges lie with the mechanistic break-down of funding, within which some cities consider their funding to be over-budgeted or under-budgeted for certain specific objectives. Reallocation between the budget lines (specific objectives) is not allowed.

CLLDs are supported by Priority 7 of the Territorial and Settlements Development Operational Programme and do not form part of the SUD. The managing authority issued separate calls for proposals from local action groups, and their projects are foreseen to be selected in a few weeks' time. The city is one of the founders of the local action group that was set up in June 2016 with a total membership around 35. The jointly developed project is titled 'Tradition and renewal and community education in Tatabánya', and it could reinforce the integrated sustainable urban development programme in the following ways: CLLD-supported events could supplement soft elements (green city, social rehabilitation) within the programme, and city-marketing under the CLLD could help to strengthen the attractive profile of the city. Both CLLD and the integrated sustainable urban development programme aid the modernisation of public infrastructure, but through a different set of institutions. Similarly, 'green city' investments under the integrated sustainable urban development programme enable the renewal of the inner city, while CLLD may enhance environmental progress in the suburbs. However, selection and implementation of CLLD is independent from that of the integrated sustainable urban development programme.

Implementation progress

The elaboration of the integrated sustainable urban development programme and the parallel preparation of the various projects have required far more resources than any prior planning or implementing regime. Regular integrated sustainable urban development programme and senior management meetings proved helpful in overcoming the difficulties. Own-contribution (local co-financing) remained an outstanding issue. Actual costs are not

necessarily known at the time of submitting a project application; the outcome of public procurements determine the price and thus projects costs. Also, the recently introduced two-phased project-selection procedure allows the conclusion of a grant contract on the basis of an expression-of-interest-type document, and the actual cost implications only crystallise as the development of the project progresses. Project selection and decision by the MA takes much longer than expected.

First drafts of calls for proposals were received for comment in July 2015, which gave an impetus to project preparation. By the end of 2015, the first calls were formally launched, requesting the submission of applications from March 2016. In June 2016, the first grant contracts were concluded. The city submitted 24 project applications, which equals 56.6 percent of the entire programme allocation. Ten projects have already been awarded and six contracted. The comments period for the second round of calls has started, and new calls were expected around the end of the year. Tatabánya intends to have its total allocation committed (via approved projects) by the end of 2017.

Evaluation

It is still too soon to discuss evaluation methods. The city is most likely to continue its approach of summarising progress and achievements, which previously formed part of the agenda of the general assembly. The function of evaluating the operational programmes is centralised, and it lies with the Prime Minister's Office. ITP-related evaluation forms part of the adopted evaluation plan.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The long-term strategic planning exercise enabled the formulation of sound, well-grounded plans. The accompanying partnership/consultation measures helped to embed the strategy and the subsequent programme in the local context, and the two-way communication, in-depth discussion and open consultation increased the credibility, ownership and, last but not least, the relevance and quality of the strategy. As mentioned above, the planning process took more than 1.5 years; the overlapping preparations for the 2014-20 programming period burdened the institutions at the same time, and the MA and the cities were stretched to near capacity. Additionally, the planning process had started well before the relevant decisions were made. The first version of the broad, integrated settlement development strategy was elaborated on the understanding that sectoral OPs would also contribute with their funding. Not only had the documents to be greatly re-written, but the line ministries' lack of motivation to 'sacrifice' any part of their allocation became apparent.

The integrated sustainable urban development programme gave a major impetus to partnership-building, local coordination and collaboration, the value of which was widely understood and appreciated. Stakeholders added to and enriched the integrated sustainable urban development programme and in particular the underlying strategy in terms of both conceptual and technical aspects. Reinforced working and personal relations have positively shaped the planning and implementation processes. These findings make a strong case for the continuation of participative design and delivery.

In Tatabánya, the integrated sustainable urban development programme also prompted a revisiting of the internal structures and working practices. The importance attached to this new opportunity was well reflected by the setting-up of the dedicated Strategy and Project Office and the substantial staff increase. The major functions of the office are to coordinate the execution of the programme and to provide continued technical support for all parties involved. The Chief Architect's Office has been involved in many of the projects and has left its mark on the designs, which ensured a better fit to the local landscape. Last but not least, supervision and support at the political level (Mayor, notary) are indispensable for the efficiency and effectiveness of the integrated sustainable urban development programme, in particular for decision-making, fast reaction to problems and unforeseen changes, and securing resources and concerting actions so that synergies can be better exploited.

Strategy fiche – Pécs, Hungary

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	100,000 - 250,000 inhabitants

With Government Decrees 1298/2014 (V.5) and 1702/2014 (XII.3), a financial allocation was established for all cities with county rights that would serve as the framework for drawing up their integrated sustainable urban development programmes (known as Integrated Territorial Programmes or ITPs in Hungary, under Article 7). Pécs is a city of approximately 145,000 inhabitants and is located in the south of Hungary. It occupies the second level of Hungary's urban hierarchy: it is a regional centre with complete functionality. Its regional functions principally cover the counties of Southern Transdanubia, but the remit of some functions extend even further. Suburbanisation has led to a decline in the city's population, and Pécs could not recover from its loss of economic potential since the 1990s, lacking industrialisation and entrepreneurship. Moreover, national infrastructure promotion trends and developments in international transport networks have proven unfavourable for attracting new investors. The railway line divides the city fabric.

Targeted areas

The integrated, sustainable urban development programme does not apply a direct geographical concentration approach. Nevertheless, the underlying conceptual and strategy development documents dealt with the specificities of the sub-city structure (4 quarters, 13 city sections and 67 subsections). On the basis of the identification of the place-based challenges, so-called development zones were identified. Instruments addressing marginalisation carry more relevance for the eastern and southern parts of the city, while economic development interventions focus essentially on the industrial areas. Assistance aimed at social integration, strengthening the local community and culture, offers benefits for the entire territory of the city. The integrated, sustainable urban development programme uses the action areas from the integrated sustainable development strategy.

Challenges and objectives

The city has long been struggling with a range of major, interdependent problems that adversely affect its capacity to unlock its growth potential. Sustainability of the natural environment is jeopardised by air pollution, limited green and recreational space, and inadequate infrastructure to mitigate climate-change consequences. Social sustainability is hampered by a shrinking and ageing population, a high unemployment rate, growing inequalities and decreasing social capital. Economic sustainability is undermined by the failure to overcome the challenges of economic restructuring, as neither inward investors nor SMEs have replaced the former mining-industrial basis; only 10 percent of all businesses operate in the productive sector. Sustainability of the built environment is threatened by an incomplete transport network, uneven and/or poor quality of infrastructure and rolling stock, and constraints to access by the disabled.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4c, 4e		6e		8b, 8c	9a, 9b		
ESF								8i	9i		

The general aim is to create the conditions for sustainable socio-economic development. Specific objectives are: (i) to promote a healthy living environment, (ii) to create a sustainable, developing local society, (iii) to re-define the city's economic base, (iv) to achieve a positive compact city, and (v) improved governance.

Rationale and added value of the strategy

The integrated sustainable urban development programme fits into a broader planning process. Cities were requested to update their integrated urban development strategies, and they received technical support from the regional operational programme 2007-13 accordingly. First, a comprehensive situational analysis was developed, followed by the drafting of an integrated settlement development concept and strategy.

In devising the integrated sustainable urban development programme, a menu system was presented to the city with a proposed funding allocation for each type of intervention. This could have been modified – to a certain extent – in duly justified cases. The primary role of the programme is therefore seen as the basis for absorbing the ESI funds. The rather rigid menu system, stemming from the relatively narrow focus of the operational programme, does not allow the implementation of a real strategy. The programme is felt likely to result in a package of unrelated projects spread over the city.

Implementation mechanisms

The integrated sustainable urban development programme is funded by Priority 6 of the Territorial and Settlements Development Operational Programme. In addition to the 5 percent ERDF minimum requirement, ESF resources have also been made available. The 'Modern Cities Programme', which is partly financed by the national budget, is delivered in parallel, and it may even reinforce efforts under the integrated sustainable urban development programme. However, the two programmes are not formally linked.

The integrated SUD programmes are governed under the category of integrated territorial programmes in the national regulations and they are implemented in accordance with a specific procedure called the 'territorial selection mechanism'. This delegates programme preparation and project selection responsibilities to the cities. Project implementation and contracting are perceived to have notably accelerated since the previous period. Pécs has applied under the call for the establishment of local action groups and the submission of local development strategies. The CLLD scheme is formally independent of the integrated sustainable urban development programme, though their measures apparently reinforce each other. The CLLD selection process is underway. No financial instruments will be used in any of the above intervention frameworks.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 74,224,000
	ESF	€ 9,498,667
	Cohesion Fund	
	EMFF EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Co-financing	€ 14,774,588
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Formally not part of the programme. The city can apply to a separate call.	
Private sector	Not considered	
Other	Not considered	

The importance of European funding cannot be overstated, as the scope and dimension of the assisted investments would far exceed the financial capacity of even the most prosperous municipalities.

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The preparation of the integrated sustainable urban development programme constituted the last phase of a comprehensive strategic planning process that took approximately two years. The 'territorial selection mechanism' ensured that urban authorities have responsibility for local development planning. The pre-defined financial allocation covered four thematic objectives (TO4, TO6, TO8, TO9). As the Territorial and Settlements Development Operational Programme eventually proved to be the sole funding provider for the sustainable urban development strategies, the integrated sustainable urban development programme was designed to narrow the broader, long-term settlement development strategy to fit the operational programme. Pécs Urban Development Non-profit Ltd was in charge of the strategy formulation and programme preparatory tasks. The involvement of the mayor was quite intensive in this phase.

The integrated settlement development strategy gave strong priority to sustainable urban development tools that could help in reversing the unfavourable trends of decline and in setting the city back on a prospective development trajectory. Strong appreciation was given to alignment with the strategic objectives at EU and national levels, and harmonisation with the integrated development programme of the surrounding Baranya county was also ensured. The integrated sustainable urban development programme directly derives from the integrated settlement development strategy, and it is organised around the same set of specific objectives. The territorial selection criteria offer priority to projects which present coherence with and support the objectives of the ITP, which help in overcoming intra-urban disparities, and which have a beneficial impact on economic growth.

Consultation process

Partnership and the related consultation process were based on the recognition that the objectives the city set out – as well as reversing the negative urban development trends – could only be realised with the institutionalised and strategic involvement of partners. Cooperation and strong coordination by the city are essential. During the integrated settlement development concept and strategy formulation processes, a series of consultations were held for the public as well as the social and economic partners, through which key strategic objectives and intervention areas were discussed. In addition, all households were approached with a questionnaire in order to receive feedback on the perception of the forecasted development priorities. Two formal public hearings were held, and the outcome of these discussions was included in the final integrated sustainable urban development programme. Furthermore, to gain a better understanding of the local needs, all employers with more than 100 employees were approached by the Pécs Urban Development Company; again, the considerations that these companies/organisations

articulated were incorporated in the programme. Overall, the consultation process proved to be a bit of a disappointment for the city. Despite significant awareness-raising efforts, actual mobilisation remained far below the anticipated number. Local communities displayed a certain degree of indifference. Also, with the exception of very few organisations, the activities of the local actors were of a low intensity.

Links to domestic pre-existing strategies

The strategic planning process started with the preparation of a comprehensive situational analysis which dealt with four core sustainability areas, namely the natural, built, economic and social environments of Pécs. The document served as a basis for drafting the city's integrated settlement development concept. The document laid down urban development principles, priorities, and the hierarchy of objectives over the horizon up to 2030. The method of back-casting was applied, and considerable emphasis was placed on drafting a programme which enables the build-up of resilience, namely the capabilities required for flexible reactions to unforeseen and/or rapid changes. The ultimate goals aspired at regaining the renewal capacity of the city and launching a new development trajectory via strengthening its regional centre functions, including that of the Balkan gateway. There is a strong reliance on the previous urban development strategy adopted in 2008, and the objectives largely coincide. Nonetheless, the previous plans placed greater emphasis on developing the cultural and tourism sectors in close connection to the European Cultural Capital status that the city held in 2010.

Measuring the effectiveness and added value of the strategy

All integrated sustainable urban development programmes have to contribute to the objectives in the Territorial and Settlements Development Operational Programme. Correspondingly, the indicators and milestones defined in the operational programme were broken down and determined, proportionate to funding for each city. Namely, if a city accounts for 5 percent of the total funding for a measure in the operational programme it should also satisfy 5 percent of the measure-level indicators. Cities were provided with the minimum target values that they had to consider. Indicators are standard – common – output indicators (e.g. length of upgraded roads, area of new or renewed public space); results will be presented at project level. Therefore, the measurement should not cause any difficulties, but the method of defining minimum indicator values for the cities is likely to create problems: OP-level targets were spread over the cities in accordance with the size of funding they receive. For certain types of indicators, this may work. However, the relationship between inputs and outputs is often more complex than is grasped by the above relatively simple equation. For Pécs, the extreme difficulties or even infeasibility of fulfilling some of the indicators have become apparent. No softer types of indicators are employed. Contribution to the EU2020 objectives is presented in the narrative part of the integrated sustainable urban development programme, and it is also quantified in the indicator table.

Integrated sustainable urban development programmes create added value at different levels. The Pécs ITP assigns utmost priority to boosting the city's economic performance through attracting new investments to the city and improving its productive as well as job-creation capacity; central to this is the fostering of the local business environment. Additionally, to promote the EU2020 objectives, the programme enables the realisation of operations related to climate change, green economy and social inclusion that contribute to socio-economic and ecological sustainability. The changes the city expects from the programme comprise the opening-up of increased public wealth and new job opportunities, and elevated living and environmental standards. Despite the above expectations detailed in the programme, deep concerns have been expressed about the real nature of the ITP, including the absence of an integrated approach, the rather narrow, project package financing role the integrated sustainable urban development programme is adequate.

When assessing the effectiveness of the integrated sustainable urban development programme, due consideration should be given to the fact that it receives funding solely from the territorial operational programme and thus its scope is limited to four thematic objectives, whereas tackling the complexity of the current urban problems requires an

even greater diversity of interventions. The developments should be appraised in a broader urban context.

Key challenges

Strategy formulation started on the assumption that it would encompass territorial and sectoral measures (and resources). However, the menu system and the pre-defined breakdown of funds as well as eligibility provisions altogether inhibited the employment of a truly integrated approach at both project and programme levels. For the sake of flexibility, the MA accepted bilateral agreements by cities to swap their budget line allocations. Despite the indispensability of sectoral interventions in various domains, the modalities for accessing these operational programmes remained unchanged, reducing opportunities to release synergies. In addition, the mechanistic distribution of the indicators among the cities is perceived to have led to some unrealistic targets.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

In accordance with Article 7 of the ERDF regulation, urban authorities are assigned with tasks relating to the selection of operations; this responsibility is shared with the MA (Ministry of National Economy). The projects of the city are generally selected via a direct award mechanism, whereas other project promoters are subject to a competitive selection process. The city assesses all applications on the basis of the territorial selection criteria defined in the ITP. These considerations essentially measure the contribution of the project to the general aims of the ITP. When the city appraises its own projects, the principle of separating functions applies. This means that within the municipal administration a functionally independent department has to be designated to undertake the assessment of project applications. Furthermore, in cases where competitive selection procedures are employed, the city is represented on the selection board in a co-decision capacity.

With regard to implementation-related tasks, Pécs Urban Development Non-profit Ltd satisfies the responsibilities stemming from the delivery of the integrated sustainable urban development programme. In 2010, the General Assembly of Pécs decided to delegate the tasks related to the management of EU-funded and other development projects to this municipality-owned enterprise. All staff members had had previous experience in implementing the Pécs European Cultural Capital project (a major project in the 2007-13 period) and operations in a broad range of policy areas, e.g. transport, energy, tourism, and social urban rehabilitation. The company provides inputs for the MA's operational planning process, as well as monitoring and reporting on progress in realising the programme. It fulfils the functions of the beneficiary for all the projects, whereby a direct award procedure applies. Initially, for a limited allocation, the city planned to issue calls for proposals (e.g. for supporting social cohesion projects). However, plans have changed in the meantime, and the modification of the integrated sustainable urban development programme will rearrange and divert these resources into the remit of the city. It acts as the primary contact point for the ITP for local and national stakeholders, the IB (local office of the State Treasury) and the MA.

The MA (IB) satisfies a broad range of functions connected with the preparation, approval and delivery of the integrated, sustainable urban development programme. The Territorial and Settlement Development Operational Programme translates into an 'annual development framework'. With the development of this implementation plan, the MA lays down the key characteristics of the measures to be launched within the forthcoming 12 months. It is prepared by the MA with inputs requested from the cities for ITP-related calls. Calls for proposals are prepared by the MA and the draft version is sent to the city for comment.

The MA launches the calls, collects applications (via the IB), signs the grant contract for approved projects and undertakes the financial management (check and financial control) tasks. The managing authority also monitors and assesses progress on a regular basis, its

main tools being regular reports from the city, with a strong emphasis on presenting progress in terms of meeting indicators, as well as formal meetings and on-going contact. Evaluation is centralised, and this function is fulfilled by the Prime Minister's Office, but with full involvement of the MA.

Collaboration between the urban authorities and the MA has become far more intensive than before, due to new functions, the transformation of the institutional system, and the gradually deepening involvement of the MA in the design process. Last but not least, joint efforts could better advance the resolution of unforeseen difficulties.

Special implementation arrangements

The integrated, sustainable urban development programme uses both ERDF and ESF finance, with the allocations fixed at the level of the specific objectives and confirmed by the adopting government decree. Cities had little room for manoeuvre when designing their ITPs, and they could only propose small-scale modifications to the pre-established financial table. Key challenges lie with the mechanistic breakdown of funding, within which some cities consider their funding to be over-budgeted or under-budgeted for certain specific objectives. Reallocation between the budget lines (specific objectives) is not allowed, though cities were allowed to swap resources on a bilateral basis. The automatic (proportional) assignment of indicators to the various integrated, sustainable urban development programmes is not only impractical but may jeopardise the feasibility of meeting the targets.

The municipal enterprise employs a staff of 16 to manage the programme and prepare and implement the projects, including addressing all aspects (physical, technical, engineering, legal, financial, public procurement, etc).

CLLDs are supported by Priority 7 of the Territorial and Settlements Development Operational Programme and do not form part of the SUD. The managing authority issued separate calls for proposals from local action groups, and their projects are foreseen to be selected in a few weeks' time. Pécs Urban Development Non-profit Ltd took a pro-active role in helping the local action group to identify common objectives and to build the strategy around their agreed goals.

Implementation progress

The mayor was deeply engaged in the drawing-up of the integrated sustainable development strategy and thus the subsequent integrated sustainable urban development programme, including consultation with the local actors and communities. Making substantial funds available from the city budget enabled timely and fully-fledged preparation of the projects and early commencement of programme delivery. Coordination between Pécs Urban Development Non-profit Ltd and the mayor's office is less intensive in the present phase of implementation.

First drafts of calls for proposals were received for comments in July 2015, and this gave an impetus to project preparation. By the end of 2015, the first calls were formally launched. The number of projects the city has submitted is close to 60 so far, and although the company has an administrative capacity with substantial experience from the previous programming period, even in managing major projects, resources are markedly stretched.

Evaluation

Evaluation of the operational programmes is centralised in Hungary, the function is fulfilled by the Prime Minister's Office. ITP-related evaluation forms part of the Evaluation Plan. Moreover, Pécs Urban Development Non-profit Ltd will definitely undertake its own evaluation at a later stage.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The most painful lesson relates to the fading-away of the integrated approach in the course of the strategy-formulation exercise. The final product has eventually become limited to the financing of a package of projects that fit the Territorial and Settlement Development Operational Programme. A truly integrated approach, by contrast, is problem-orientated rather than fund-specific. Strong resistance from the line ministries shaped the planning process and finally led to the failure of integrating the sectoral OP funds in the ITPs. Getting access to the sectoral funds, allocated on a strongly competitive basis, remained unpredictable. A much better solution could be the introduction of competition among fully integrated urban development strategies.

Nonetheless, the application of the new financial framework for the cities, and the replacement of unnecessary competition with a direct award procedure, much improved predictability and helped to save resources (cities could terminate their previous practice of reacting to any opened call). Pre-finance made available on the conclusion of grant contracts has been welcome, however, management fees can only be charged against real expenditure incurred; therefore, the heavy start-up finance made available by the Pécs municipality proved crucial, as these monies covered the costs of elaborating fully-fledged projects.

Another important finding came up during the consultations. In spite of the series of efforts that the city invested in raising awareness of the importance of the strategy and the opportunities it offered for local actors and communities to influence the direction, a disappointing level of disinterest accompanied the partnership initiatives. Clearly, this is a longer learning process for all parties involved. On the other hand, the recent reorganisation of competencies among the local and state levels of the administration (e.g. the duty of public education taken over by the state or the National Infrastructure Development Company being in charge of roads development) has also made cities cautious. Local communities have been articulating steadily-growing demands against shrinking duties enjoyed by the local municipalities. This implies that cities are likely to refrain from situations where demands and pressure will increase far beyond their capacity.

Strategy fiche – Cork, Ireland

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2022
Is the strategy new?	Pre-existing and unchanged
Size of town/city	100,000 – 250,000 inhabitants

Cork is located in the south-west of Ireland, in the province of Munster. Cork city is the primary urban centre in the south-west and the second largest city in Ireland. The city has a population of 125,622. The city is built on the River Lee which divides into two channels at the western end of Cork. The city centre is located on an island created by the two channels. The city's development has been shaped by its status as a port city. The decline of heavy manufacturing industry in the 1980s led to a significant shift in the city's economy. In the 1980s, unemployment in the city was as high as 17 percent. A period of strong economic growth between 1995 and 2007 meant that unemployment fell to 4 percent in 2001. As well as an important retail sector, Cork became a key centre for the country's pharmaceutical industry, the European base for Apple Inc., and food and drinks industries. More recently, the effects of the economic crisis have been keenly felt in the city. Between 2006 and 2011, the percentage of the population aged 15 or older classified as unemployed or seeking their first regular job grew from 6.3 percent to 12.10 percent (statCentral, 2017). GDP levels are collected at county level in Ireland. The South West, which includes Cork, lags behind the capital city (Dublin), but has the second-highest regional GDP in the country (CSO, 2014).

Targeted areas

Within the city's own development plan, ESIF-funded actions are targeted on two areas. The ESIF-funded element of the intervention is divided between two projects. The first of these projects is the development of the Marina Park area to provide a contemporary city park with a focus on water-based activities, play and a range of event spaces. In conjunction with the Marina Park development, there are plans to change the perception of the Monahan Road area from that of an industrial area to an attractive office location by making environmental enhancements on an interim basis, pending the long-term development of the raised and widened road.

The second Cork City project consists of the provision of a dedicated cycle and pedestrian bridge across the North Channel of the River Lee linking Merchants Quay to Harley Street. The new bridge will be highly visible from routes along the city quays and from the existing St Patrick's Bridge and Brian Boru Bridge, the aim being to create a new landmark for the city. The project links to wider sustainable transport-linked objectives set out by the city council, which aim to improve the flow of traffic within the city and improve pedestrian and bicycle routes. The new bridge also allows for the redevelopment of an existing bridge to take two-way road traffic.

A key point to note in relation to this case study is the small amount of funding made available across a number of urban centres in Ireland, including Cork. This approach has its roots in a long-standing commitment in Ireland to pursuing more balanced regional development, in an effort to avoid 'overheating' and 'over-concentration' in Dublin. This approach has led to the focus on a number of urban centres across the country, as well as development poles, of which Cork is one. This means that each area has a comparatively

small amount of funding. As a result, the interventions under each strategy amount to only one or two specific projects, as is the case in Cork.

Challenges and objectives

Key broad challenges identified in the Cork City Development Plan are economic and environmental sustainability and social inclusion. Related, the main objectives identified are:

- increase population and households to create a compact sustainable city;
- achieve a higher quality of life, promote social inclusion and make the city an attractive and healthy place to live work, visit and invest;
- support revitalisation of the economy;
- promote sustainable modes of transport and integration of land use and transportation;
- maintain and capitalise on Cork’s unique form and character;
- tackle climate change through reducing energy usage, reducing emissions, adapt to climate change and mitigate against flood risk; and
- protect and expand the green infrastructure of the city.

The interventions with ESI funds fit in particular with the objectives of area regeneration and sustainable transport. In addition, the interventions fit within broader objectives set out in the Southern and Eastern Regional Operational Programme and address identified challenges: (i) to revitalise, regenerate and improve the urban environment in the designated urban centres as part of integrated urban strategies; and (ii) to support low-carbon sustainable, multimodal urban mobility in designated urban centres.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4e		6e					

Rationale and added value of the strategy

A commitment to balanced development is a long-standing element of national and regional policy in Ireland. As part of national planning requirements, the city has a development plan to set out the overall strategy for the future development of Cork 2015-2020. This follows on from a preceding plan adopted in April 2009. As a result of this established process, there was an existing commitment to sustainable urban development in the city, which was complemented and supplemented by the approach set out by the European Commission.

An added dimension introduced by the ESIF element was the integration/link to the Southern and Eastern Region’s Cohesion policy programme. This link draws the country’s overall approach to regional development down to the local level and provides integration with existing local development plans. It offered the opportunity to fund a range of projects and embed them into an integrated plan for the city. From the city-level perspective, the link between the city plan and ESI funding offered an opportunity to ‘think bigger’ and more strategically about what projects they wanted to fund, and what it would be possible to do, which was especially valued following a period of significant budgetary austerity and cuts linked to the economic crisis. The hope is that this strategic approach to planning and investment will ultimately yield more long-term dividends towards sustainable and enhanced urban living.

Implementation mechanisms

Implementation is through grants awarded through the Southern and Eastern Regional Operational Programme, which has Sustainable Integrated Urban Development as one of its five main priority axes. The ESI funding available is ERDF.

Funding arrangements

Type fund	Name fund	Total amount
ESIF	ERDF	€ 5 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Cork City Council	€ 3.5 million
	National Transport Authority	€ 1.25 million
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not used	
Repayable grants	Not used	
Community-Led Local Development	Not used	
Private sector	Not used	
Other	Not used	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

A new development plan must be prepared by Cork City Council every six years. The process of preparing the current plan formally began on 22 April 2013. Following consultation, the plan came into effect on 20 April. The City Development Plan is Cork City Council's main strategic planning policy document, and it guides the future development of the city between now and 2021.

In terms of the ESIF elements of the plan, the overall approach designating resources to some urban centres, such as Cork, over other centres was linked to a central element of Ireland's approach to national and regional development: the National Spatial Strategy (NSS). The NSS was launched in 2002 and sets out a long-term, strategic approach to planning for the development of the country at national, regional and local levels. The NSS strategy is to develop the 'full potential of each area to contribute to the optimal performance of the State as a whole – economically, socially and environmentally' (Government of Ireland). The strategy, which covers a 20-year period, aims for a better spread of activities across the counties, by focusing on promoting development through the designation of strategically-placed engines of growth, so-called regional 'gateways' and 'hubs', one of which is Cork. The National Spatial Strategy includes an objective for Cork to develop as a metropolitan centre that is dynamic and socially balanced, served by effective public transport and offering a high quality of life for its population.

The two projects selected were both included in the city plans as early as 2004. The city council had been working to purchase the land involved in the Marina Park development for a number of years, planning permission had been secured, plans were drawn up, and adjacent areas were under development by public and private investors. Similarly, plans for the bridge were already set out in the city plan and a city centre movement strategy, which was supported by the National Transport Authority. This means that both projects had a strong base to build upon and could be delivered within the comparatively tight timescales required for Cohesion policy funding.

Guidance was issued by the managing authority for the regional OP and is founded on the regulations and methods set out for the OP and, in particular, its Priority Axis 5 – Sustainable Urban Development. The priority has the following specific objectives, which had to be taken into account when establishing the focus of the planned activities:

- to support low-carbon sustainable, multimodal urban mobility in designated urban centres;
- to revitalise, regenerate and improve the urban environment in the designated urban centres as part of integrated urban strategies;
- common and programme-specific result indicators;
- increased non-private-car commuting levels in the designated urban centres;
- improvement in the social, economic and physical conditions in selected urban centres, based on an urban development index.

Based on a selection made by the local authority, the managing authority formally approved the funded projects. For allocating the ESI funding, the selection of specific target areas and a strategic approach was delegated to the local authority by the programme managing authority. For Cork, 20 potential projects were identified and bids were developed. The designation process was led by the city authority. A working group ranked the selected projects, which were then reviewed and assessed by the city's 'City Centre Steering Group' of senior officials. Rankings took into account indicators for project value, catalyst value, funding gap, planning status, property acquisition, and value for money.

Consultation process

Consultation was integral to various stages in the process. A public consultation was undertaken on the Cork City Development Plan in which a variety of stakeholders were able to provide input on drafts and proposals. The process formally commenced on 22nd April 2013 with an 8-week public consultation period, which was followed by a further two rounds of consultation. In addition to public consultation, the development plan is a key function of the elected members of Cork City Council. Members participated in meetings to discuss the policies.

In addition, the development of the Regional Operational Programme, upon which the approach is also based, involved a large-scale consultation process in which a variety of stakeholders, including local authorities, were involved in providing input into the programming process and commenting on drafts. The approach to sustainable urban development was further based on consultation and exchange between key stakeholders, including government departments, local authorities and agencies.

The selection of projects for ESI funding involved inputs from key stakeholders, e.g. local authorities, government departments and agencies through the project-selection process (discussed below). However, the short timescales involved between the call for projects and call deadline meant it was not realistic to undertake a further consultation process.

Links to domestic pre-existing strategies

The Cork City Plan is set within the strategic framework established by the South West Regional Planning Guidelines (2010), Cork Area Strategic Plan 2001-2020 (CASP) and the CASP update (2008). It was prepared in line with:

- The National Spatial Strategy, which provides a spatial planning framework for the country and designates Cork as a national gateway;
- Sustainable Development: A Strategy for Ireland, 1997, which provides a framework for the achievement of sustainable development at local level;
- The National Climate Change Strategy 2007-2012, which sets out how Ireland can meet its targets under the Kyoto Protocol;
- The National Climate Change Adaptation Framework, which outlines how Ireland will adapt and mitigate for climate change; and

- Ministerial Guidelines and Directives including those on Core Strategies, Housing Strategies, Retail Planning, Childcare, Residential Density and Architectural Conservation, and Urban Design (Cork City Development Plan, p. 7).

As has been noted, the approach to the funded projects is also firmly rooted in the objectives of the Southern and Eastern Regional OP. A key consideration was the comparatively small scale of regional development funding and Cohesion policy funding in Ireland, which impacted on the scale of grant funding and co-financing available for the strategy. The small scale of funding also impacted on the overall efforts to keep management and implementation demands proportional and 'light' and not to over-burden project partners or administrators.

Measuring the effectiveness and added value of the strategy

The strategy does not have separate indicators or a separate monitoring system. However, a City Steering Group meets to review progress every six weeks. For the ESI-funded elements, measurements are based on those set out in the Regional Operational Programme. As the interventions have been developed in line with the Regional Operational programme priorities and their associated indicators, the interventions will contribute to the OP goals. Expected results are:

- improvement in the social, economic and physical conditions in selected urban centres, based on an urban development index; and
- increased non-private-car commuting levels in the designated urban centres.

Output indicators are as follows:

Indicator	Output Measurement Unit	Source	Frequency
No. of integrated growth-centre strategies	No. of strategies	MA	Annual
Population living in areas with integrated urban development strategies	No. of people	MA	Annual

More generally, Ireland has in place a robust system of national oversight and audit. For instance, the National Oversight and Audit Commission (NOAC) brings independent scrutiny to local government performance, and a review process is in place at city level.

Key challenges

A key issue in the Irish case study is the small amount of money and, related, the selection of a limited number of projects and ensuring that they deliver impacts in line with the wider strategic and operational objectives. The comparatively short timescales involved for both project development and delivery were also challenges, which had to be taken into account in the selection process.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The overall City Development Plan is the responsibility of the city council. Ireland's local government act (2001) established Cork City Council as a first-tier entity of local government with the same status in law as a country council. Local government in Ireland has comparatively limited powers compared to other EU Member States. The council has responsibility for planning, roads, sanitation, libraries and parks.

The Southern Regional Assembly is the managing authority for the Southern and Eastern Regional Operational Programme.

Special implementation arrangements

The Southern and Eastern Programme managing authority, the Southern Regional Assembly, established the implementation arrangements for the ESI-funded elements. The approach used was similar to a calls process, where local authorities could select projects and then submit their selection to the programme authorities for final approval. Initial selection, management and implementation of the projects with ESIF involvement were the responsibility of the local level, although it does not have official intermediate body status. At city level, 20 projects were worked up and considered. These projects were prioritised based on a scoring system and discussed by a selection committee. As well as the score awarded to each project proposal, additional considerations were taken into account, such as the capacity to deliver within the prescribed deadlines.

This type of arrangement means that 'special', dedicated institutional arrangements did not have to be put in place to any great extent. A dialogue between the city council and the managing authority was involved in determining the focus of the strategy and approach to projects.

Implementation progress

The selected projects were announced on 19 January 2016. As has been noted, both projects already had some momentum behind them, and preparations such as planning approval were already in place. This has meant that progress with implementation has been good. Work on the projects was put out to competitive tender. Cork City Council hopes that the final design of the cycle/pedestrian bridge will be signed off in early 2017, and that construction tenders will be awarded by the middle of the year, with a view to starting construction in early 2018.

Evaluation

The Cork City Plan is subject to reviews and reports to the local council. However, they differ from the formal evaluation processes to which the ESI-funded projects will be subject. Evaluation will take place as part of the overall evaluation of the Southern and Eastern Regional Operational Programme.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Points to note include:

- The integration of regional-level priorities and objectives into local-level strategies.
- The local authority was able to 'look up' from day-to-day planning, and to take a broader, more ambitious view on developments for the city. It would not have had access to such resources without the ESI funding.
- The requirement to select its own projects made the local authority look more strategically at which projects could be in the pipeline and develop ideas. While not all projects could go forward, some ideas have been raised or have gained a profile that they would not otherwise have had, and consequently may be funded through other means.
- Prior to selecting the ESI-funded projects, the city council did not have such a robust scoring system in place to prioritise and select projects.
- The capacity to work within existing policy and strategic approaches.
- The well-established links between the managing authority and the local authority eased implementation issues.
- The challenge of applying the approach in areas and regions with comparatively small amounts of Cohesion policy funding.

Strategy fiche – Matera, Italy

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Non-SUD ITI
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Rural region
Planning horizon	<i>Information not available</i>
Is the strategy new?	<i>Information not available</i>
Size of town/city	50,000-100,000

The region of Basilicata is one of the smallest in Italy, with a resident population in 2013 of 578,391 – in decline, despite a marginally positive net-migration from foreign immigrants. Estimates from the national statistical office, ISTAT, foresee that by 2020 the population will have shrunk further, to 565,358. Economically, the region has been severely affected by the crisis, although already prior to this the situation was one of low growth. The region continues to have a higher level of income per capita than other Mezzogiorno regions, but since the crisis, namely between 2008 and 2014, it registered a fall in GDP per capita of 13.1 percent, more severe than the national average of 10.6 percent. Employment rates went steadily downward from 2000, and more pronouncedly after the crisis (-7.7 percent between 2000 and 2014). The crisis has also led to the increase of irregular work (representing 22.4 percent of employment in 2012), unemployment (14.7 percent in 2014) and the utilisation of precarious contracts for workers, signalling not only a reduction in labour market opportunities but also a decline in the quality of the jobs on offer. Youth unemployment is a concern (46.7 percent in 2014), as is the level of unemployment among the most educated: 6000 graduates from the region were unemployed in 2014, three times more than pre-crisis (in 2007). The crisis has contributed to a change in the economic specialisation of the region from traditional industries (e.g. automotive, chemical, food, soft furnishing) to new areas such as tourism supported by cultural, digital and recreational services (Regione Basilicata, 2015a and 2015b). This is an area of particular strength of Matera, thanks to its *Sassi*, which were recognised by UNESCO in 1993. Matera is one of two provincial capitals (the other one, Potenza, being the regional capital) and has a resident population of 60,000. From the 2000s, it has embarked on a process of productive reorientation from the soft furnishing cluster to an economy based on cultural industries, innovative communication activities, and tourism, with dedicated urban development projects (*Progetto di Sviuppo Urbano*, PISU) under both ROPs 2000-06 and 2007-13.

Targeted areas

The ITI has not yet been approved, and therefore the actual interventions that it will fund are not known. The territorial balance between the municipality and the wider province of Matera is also unknown at present.

Challenges and objectives

As noted above, the ITI is not yet available, so no definitive information can be produced at this stage. Nevertheless, based on the available documentation (Acito, 2016) the challenges faced by Matera and that will likely be addressed by the ITI are those related to the completion of the transition of the economy from being dependent on the soft-furnishing cluster to an economy based around its status of international 'tourist-cultural attractor'. The ITI is likely to intervene in areas that support the investment plan related to the designation of the town as European Capital of Culture (in 2019), and in continuation with the investments realised under the 2007-13 ROP (urban regeneration, museums

system, anthropological museum, restoration and conservation school, new areas for cultural activities).

Note: information regarding ESIF priorities supported was not available.

Rationale and added value of the strategy

With the caveats already mentioned, the ITI will likely be founded on the rationale of supporting the process of economic transition, actively contributing to the investment plan of the 2019 European Capital of Culture.

Implementation mechanisms

The implementation arrangements of the ITI will be described in detail in a Programme Agreement that will be signed by the regional authority and the Municipality of Matera. The Municipality of Matera will play a role in implementation and delivery, but it will not be designated as urban authority with delegated functions from the MA. The ITI is not an ITI falling under Article 7 of Regulation 1301/2013. For more details on the implementation of the ITI, insofar as they are available at this stage, see Section 3.2 below.

Funding arrangements

The ITI will draw resources from a number of priorities of the ERDF 2014-20 ROP Basilicata, namely Priorities 1 (RTDI), 2 (Digital Agenda), 3 (Competitiveness), 4 (Energy and urban mobility) and 5 (Environmental protection and efficient use of resources). The ITI will support the valorisation of the cultural heritage through integration with creative industries and the development of a digital technologies value-chain (Priority 5), the improvement of accessibility both physical and non-material (Priorities 2 and 4), the energy efficiency of buildings and the birth of innovative start-ups (Priorities 1 and 3) (Regione Basilicata, 2015b, p. 30).

The financial attribution from each priority axis is specified in the ROP but only for both urban ITIs together (Potenza and Matera). The total allocation from the ERDF ROP for the ITI Matera, not differentiated by priority axis, is known and is €37,171,409.94 – total public funding, of which half, i.e. €18,585,704.97, is represented by the EU contribution (ERDF). The ITI Matera thus absorbs 45 percent of the resources assigned to the two urban ITIs overall (Regione Basilicata Website, 2016, and own calculations based on ROP).

Integration with the ESF and with the resources from the domestic regional policy fund FSC (Fondo Sviluppo e Coesione) are mentioned in the ROP, but the amounts are not yet known.

Type fund	Name fund	Amount
ESIF	ERDF	€ 45,000,000
	ESF	€ 2,000,000
	Cohesion Fund	
	EMFF	
	EAFRD	€ 14,200,000
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	<i>To be confirmed</i>	
Repayable grants	<i>To be confirmed</i>	
Community-Led Local Development	<i>To be confirmed</i>	
Private sector	<i>To be confirmed</i>	
Other	<i>To be confirmed</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The intended process for the design of the ITI Matera is outlined in detail in a deliberation of the regional executive (Giunta) of 19 October 2016 (published on 27 October). It comprises six overall stages:

Phase 1 – Identification of the responsible persons from the city administration – a political referent and an administrative referent – and communication of the related names to the MA (within 15 days from the publication of the deliberation).

Phase 2 – Communication by the town's referent to the MA of the list of social and economic partners to be invited to the process of definition of the ITI's strategic document (within 20 days from the deliberation's publication).

Phases 3a and 3b – Definition of the draft strategic document by the municipality's administration in cooperation with the regional authority and in consultation with the socio-economic partners. The city, together with the MA and the other regional departments responsible for the themes foreseen by the ITI, as well as in dialogue with the partners, identifies the operations to be funded. The dialogue between region and municipality will entail a so-called negotiated procedure, resulting, down the line, in the signature of an agreement (within 90 days from the deliberation's publication).

Phase 4 – Appraisal of the draft strategic document by the dedicated pilot committee established under the ERDF 2014-20 ROP. The MA receives the proposal for the strategic document from the town's referent and appraises, within the dedicated pilot committee, its: (i) congruence with the ROP and other regional plans and programmes; (ii) internal coherence; and (iii) compatibility with the town's Urban Mobility Plan (*Piano di Mobilità urbana*, PUM) (within 120 days from the deliberation's publication).

Phase 5 – Drafting of the Programme Agreement. The MA proposes a draft Programme Agreement to the pilot committee (within 120 days from the deliberation's publication).

Phase 6 – Approval of the strategic document and the Programme Agreement related to its implementation. The regional authority and the municipal administration officially approve the strategic document and the Programme Agreement that specifies its implementation arrangements (within 130 days from the deliberation's publication).

Given that the publication of the deliberation was on 27 October 2016, the process should end around mid-March 2017.

The deliberation also includes the outline for SUD, comprising: (i) analysis of the context; (ii) SWOT analysis of the urban system; (iii) description of the strategy of the ITI; (iv) description of the interventions that will be launched specifically for firms; (v) a list of all the operations to be funded, with identification of the specific funding attributed to each and implementation chrono-programme; and, (vi) for each operation, a detailed fiche,

describing in detail what it consists of, the technical and administrative procedures to be activated, and the related timetable, indicators and costs.

In practice, the selection of operations needs to take into account the selection criteria approved by the PMC, which are listed in an annex to the Deliberation of the Regional Executive no. 360 of 13 April 2016.

Consultation process

There was no broader consultation process beyond the Phase 3 consultation described above.

Links to domestic pre-existing strategies

The ITI's SUD will be linked to a pre-existing Strategic Plan of the City of Matera (dated 2009 and currently being updated, see Acito 2016) and to the strategy put forward by the City of Matera for its candidature as European City of Culture (Bollo *et al.*, no date), as well as to the Urban Mobility Plan (PUM) of the town and other sectoral/thematic plans and programmes implemented by the town and by the regional authority in its territory.

Measuring the effectiveness and added value of the strategy

Indicators for each operation will be specified in the fiches included in the ITI SUD. Evaluation responsibility will lie within the MA.

Key challenges

A key challenge lies with the significant delay that has characterised the programme overall, which has likely affected the process of ITI design and launch. The ROP was approved only in August 2015, the programme monitoring committee was instituted formally only on 8 March 2016 (Deliberation of the Regional Executive no. 214, 8 March 2016) and met for the first time on 22 March 2016 (Deliberation of the Regional Executive no. 360, 11 April 2016).

This delay with the ROP overall may have been exacerbated by the need to agree on and establish new procedures.

A further challenge may be represented by the relatively small scale of the city of Matera's administration (5 *dirigenti* and 280 employees), which may be insufficient to efficiently deliver not only the ITI but also the wider investment plans related to the designation as European City of Culture 2019.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The responsibility for the implementation of the ITI is going to be shared between the regional MA, which retains its role as overseer and ultimately responsible authority, and the Municipality of Matera. Institutional architecture and responsibilities will be specified in the Programme Agreement, which is yet to be approved. The table below summarises the attribution of responsibilities as can be understood from the existing documentation in relation to the urban ITIs – they should not be considered as definitive or certain at this stage.

Task	Responsibility
Development of strategy	Municipality of Matera in coordination with the regional MA, other regional departments/offices and selected socio-economic partners.
Development of implementation plan	There is no implementation plan as such, but implementation arrangements will be specified in an agreement signed by the city of Matera and the managing authority of the Basilicata ERDF ROP. The regional authority's Giunta Deliberation of 19 October 2016 attributes to the MA of the ERDF OP the coordination of the process of definition and implementation of the urban ITI documents.
Monitoring and reporting	The Municipality of Matera to the MA.
Definition of selection criteria	Programme monitoring committee.
Selection of interventions	The Municipality of Matera in agreement with the MA and other bodies and actors mentioned above (under strategy development). The strategy will have executive character in the sense that it will designate operations for funding (so the selection of interventions coincides with the design of the strategy).
Preparation and launch of project calls / collection of applications / selection	The Municipality of Matera in agreement with the MA.
Evaluation	The MA in collaboration with the Municipality of Matera.
Financial management	Shared competence between the Municipality of Matera and the MA, according to modalities that will be described in the Programme Agreement. MA ultimately responsible.

Special implementation arrangements

Not applicable.

Implementation progress

The Regional Executive of Basilicata approved a deliberation on 19 October 2016 outlining the structure of the document that the cities of Matera and Potenza – the two urban ITIs – have to utilise to outline their ITI SUDs, granting them 130 days from the publication of the deliberation (27 October 2016), to submit the strategies to the region, as a basis for the signature of a Programme Agreement (*Accordo di Programma*) between the region and each city (Giunta Deliberation 1190 of 19 October 2016). Thus, the implementation has not yet started and the agreement will not be signed before mid-to-late March in all likelihood.

Evaluation

Monitoring and evaluation procedures will be defined in the agreements with the two cities of Matera and Potenza.

2.3 GOOD PRACTICE AND LESSONS LEARNED

It is too soon to talk about good practice and lessons learned, as the process of designing the ITIs has just started.

Strategy fiche – Reggio-Emilia, Italy

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	More Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2019
Is the strategy new?	Existed but substantially adapted
Size of town/city	100,000 - 250,000 inhabitants

Emilia-Romagna is a region in the north of Italy. With a resident population of 4.45 million and a p.c. GDP of €30,874, it is amongst the most developed regions of the country. It ranks sixth amongst the Italian regions and autonomous provinces in p.c. GDP. Manufacturing, anchored on both established clusters and new industries, accounts for c. 27 percent of the regional added value and employment, but also for a much wider role in the regional economy, thanks to its direct relevance to other, especially tertiary, economic activities (Bertini, forthcoming). Emilia-Romagna is the third Italian region in terms of volume of exports (but the first region, when considering exports by number of inhabitants) and, albeit a 'moderate innovator' in EU comparisons, it ranks first in Italy for number of patents p.c. (Regione Emilia-Romagna, no date a & b; European Commission, 2016).

Reggio nell'Emilia (or Reggio Emilia) is one of eight provincial capitals in Emilia-Romagna. With a resident population of c.172,000 inhabitants, it is the fulcrum of the third-largest province in the region (after the provinces of Bologna and Modena). The number of residents in the municipality increased by 17,000 units in just 12 years (but declined in 2013 and 2014), and 20 percent of residents are currently over 65. The town has been negatively affected by the 2008 crisis: 900 productive units shut down since 2009 and per capita GDP has declined by 21 percent, a cut of circa €2,500 since 2008, making Reggio Emilia's p.c. GDP about €3,000 below the regional average (€27,357 in 2013). On the positive side, the town has a high endowment of broadband and a large free public wifi network, a high proportion of district heating (*teleriscaldamento*) and energy from renewables, and a green ring that guarantees a good quality environment, though transport congestion and the public transport network continue to need improvement (Comune di Reggio Emilia, no date a).

Targeted areas

The interventions funded by the ERDF ROP under Priority 6 ('Participated and attractive cities') relate to the refurbishment, functional re-qualification and promotion of a major architectural asset in the historical centre of Reggio Emilia, the St. Peter Cloisters (*Chiostri San Pietro*). Although the cloisters are in the town's historic centre, the building will be utilised for events and as a hub for social innovation initiatives that will benefit the wider municipal and surrounding territory.

Challenges and objectives

The municipality is facing a number of economic and social challenges. The austerity that ensued from the crisis has also had a negative impact on the town's ability to undertake its devolved functions, with a reduction of yearly State transfers, since 2011, in the region of €25 million. This cut has had a particular impact on the local welfare system. The city is also facing challenges related to the depopulation of the historic centre, which has lost its centrality due to the demographic growth and functional reshaping of the town during the 2000s. It is tackling these challenges with a strategy strongly focussed on education, on a

community welfare model for the provision of social services that places strong emphasis on social innovation, and by fostering entrepreneurship based on innovative start-ups and the smart city approach.

In this context, the investments funded by the ERDF ROP do not constitute a strategy in itself but rather projects that are part of a wider city strategy: the urban development strategy’s objectives are outlined in the town’s 2015-19 Single Programming Document (*Documento Unico di Programmazione, DUP*), which is articulated in five priorities:

- (i) economic development – an international city of innovation and creativity;
- (ii) community – a solidary, educating and intercultural city;
- (iii) territory – a sustainable and quality city;
- (iv) citizenship – a participative, safe and smart city; and
- (v) innovation within the municipal administration.

The interventions funded by the ERDF ROP are incorporated in this wider strategy and relate particularly to the first and fourth priorities, and to the social innovation, urban regeneration and smart city drivers.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2b				6c					

Rationale and added value of the strategy

The strategy of the Emilia-Romagna ERDF ROP is closely interlinked with the Smart Specialisation Strategy of Emilia-Romagna (Bertini, forthcoming). Coherently with this focus, the interventions realised under the ROP’s Priority 6 (‘Participative and attractive cities’) foresaw urban authorities (i.e. the region’s provincial capitals) identifying a local cultural asset, of extra-municipal value, which could be dedicated to a living lab. This fitted perfectly with Reggio Emilia’s own strategy, as described in the above-mentioned DUP, and therefore represented an excellent funding opportunity for the town. In practical terms, the Reggio Emilia intervention under the ERDF ROP foresees essentially two projects, i.e. the restoration of a major local asset (the St. Peter’s Cloisters) and the creation of an Open Lab in its premises, with the addition of promotional activities.

An obvious element of added value is represented by the financial resources mobilised. Further, at a more strategic level, the ROP has allowed the municipality to take full part in the current policy shift in relation to open innovation, as well as being a stimulus for the realisation of more structured participatory governance activities. The ROP has represented a stimulus for the adoption of the social innovation paradigm too, which is now viewed as essential, given that the public actor is no longer able to meet demand in the provision of social and welfare services but that, at the same time, the task cannot be fully delegated to the private sector. The digital innovation content of the intervention and the redevelopment of a historic building of major historical and architectural significance, and the ensuing increase of attractiveness for the historic centre of the town of Reggio Emilia, as well as the fruition of the structure for events throughout the year, are further important elements of added value of the interventions funded in the town by the ROP’s Priority 6.

Implementation mechanisms

The Reggio-Emilia SUD implements Priority Axis 6 ‘Attractive and participative cities’. The Municipality of Reggio Emilia, as the urban authority, has been responsible for the selection of the local asset (based on criteria specified in the programme). This choice was subsequently approved by the ROP’s MA (the Region of Emilia Romagna). The municipality has also been responsible for the identification of the core business of the Open Lab and is responsible for the selection of the Open Lab’s managing body. This latter step is still on-going and will be carried out via public procurement (described in detail below). All of the

details of the implementation arrangements are described in the 'In-depth analysis' Section to follow.

Funding arrangements

The Emilia-Romagna ERDF ROP altogether consists of €481,895,272, €30,013,716 of which are dedicated to Priority Axis 6 'Attractive and participative cities'. Of this amount, the town of Reggio Emilia receives €3,001,372, which it matches with an additional €748,628, for a total investment of €3.75 million (see tables below).

Type fund	Name fund	Amount
ESIF	ERDF	€ 3,001,372
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Municipality of Reggio Emilia	€ 748,628
Other (e.g. EIB)	-	

Actions	ROP contribution	Co-financing by the Reggio Emilia Municipality	TOTAL
1. Restructuring of the building	€ 1,750,000.00	€ 450,000.00	€ 2,200,000.00
2. Open Lab	€ 1,000,000.00	€ 250,000.00	€ 1,250,000.00
3. Promotion	€ 251,371.60	€ 48,628.40	€ 300,000.00
TOTAL	€ 3,001,372	€ 748,628.00	€ 3,750,000

Source: Comune di Reggio Emilia (no date a) Asse 6 - *Città attrattive e partecipate. Strategia di sviluppo urbano e sostenibile del Comune di Reggio Emilia*, p. 35.

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Used	Applicable to the Open Lab. Co-financing in the first three years of at least 15% of the total investment (declining progressively); 100% private funding from year 4 onwards.
Other	Not considered	

Source: Comune di Reggio Emilia (no date a) Asse 6 - *Città attrattive e partecipate. Strategia di sviluppo urbano e sostenibile del Comune di Reggio Emilia*.

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

Rather than strategy design per se, it would be more appropriate to talk about the design of the specific ERDF-funded interventions funded by the ERDF ROP under Priority 6 (as mentioned, the strategy of the municipality is represented by the DUP and is wider than the interventions funded by the ERDF ROP). These interventions comprise in essence two projects: the refurbishment of the building and the Open Lab. The intervention was informed by the scope of the ROP's Priority 6 and by the requirement to identify a significant local asset which could become the basis for a new Living Lab. The choice of the asset was proposed by a technical committee within the municipal administration and firmed-up by a selection committee, again within the municipal administration, which assessed the various proposals and identified the 'St. Peter's Cloisters' complex as the most fitting area for redevelopment, through a cross-reading of the strategy of the municipality and of the requisites and eligibility conditions of the ROP.

Consultation process

The Reggio Emilia DUP was developed through a process that included a range of participatory governance and stakeholder engagement activities. In addition, the development of the interventions to be realised under the ERDF OP Priority 6 has also been characterised by strong stakeholder involvement. In particular, a structured process of consultations with local stakeholders was realised to pin down the scope of the Open Lab's activities. This process included:

- (i) a *top-down analysis of need*, through a study by an academic team of the University of Modena-Reggio Emilia (which comprised both desk- and field-research);
- (ii) *bottom-up stakeholder input*, comprising a number of meetings, brainstorming exercises etc., through a dedicated project named 'Collaboratorio-RE' (a neologism, created through a merger of the words collaboration, *collaborazione* in Italian, and workshop, *laboratorio*).

The calendar of activities shows the extensive nature of the consultations realised. The process was realised by the municipal administration but with the support of academics and consultants. Altogether, it entailed four phases: 'listening' (9 September to 25 October 2016); 'project co-development' (November 2016); 'experimentation and prototyping' (December 2016 to January 2017); and, 'development of guidelines' for the Open Lab (early 2017).

The above-outlined consultative process led to the identification of the theme of *social innovation, focussed on the services to individuals*, as the main focus for the Open Lab's activities. The activities will be varied and will include the development of new products and services through novel forms of sharing and pooling economies, and the involvement of end-users in the design and application of such services, according to the well-established (in Emilia Romagna) open innovation paradigm. The Open Lab will also realise research, experimentation and prototyping activities to conceive, develop and test new services and products in the social innovation field. It will be a space for the development and testing of new digital solutions and applications, and a hub for the social innovation communities and the local ecosystem. It will also be a place for meetings, coaching, training and mentoring activities targeting a wide range of actors, and an incubator/accelerator of new social enterprises.

In addition, the managing body that will be selected to manage the Open Lab will not only be responsible for the management of the Open Lab and of the annexed cafeteria, but will also be asked to co-manage, together with the Municipality of Reggio Emilia (which will maintain overall direction), the redeveloped spaces in their entirety – which are much wider

than the areas dedicated to the Open Lab – making them available for events and activities not necessarily linked to the thematic fields of the Open Lab. In this way, this public infrastructure, which is presently used only partially and occasionally, will become usable throughout the year.

Links to domestic pre-existing strategies

As already noted, the interventions implemented under ERDF ROP Priority 6 are linked to the wider strategy of the Municipality of Reggio Emilia, the already discussed DUP 2015-2019. The DUP is an extensive, 293-page strong, document that forms the basis for all the programming documents of the municipal authority. It comprises two main parts: *a strategic part*, which outlines the external and internal context and the political lines of action of the municipal executive; and, *an operational part*, which translates the strategic decisions into strategic objectives and programmes of actions, elucidated both annually and multi-annually. These latter include the municipality's 'Structural plan', the 'Strategic plan for the valorisation of the historic centre', the 'Triennial plan of public works', and others which are of direct relevance to the Priority 6 ROP interventions. The DUP details a number of interventions – e.g. the realisation of an innovation park and of an industrial park, the development of a new university campus, the strengthening of two research centres which are part of the innovation park (Technopole Reggio Emilia and International Centre Loris Malaguzzi) etc. – that are closely interlinked and synergic with the Open Lab funded by the ERDF ROP. Beyond the municipality's strategy, the projects funded by the ERDF ROP's Priority 6 also implement the regional digital agenda and are a feature of the Smart Specialisation Strategy of the region, and the Open Lab of Reggio Emilia will work in synergy with the network of Open Labs that is being created across the region.

Measuring the effectiveness and added value of the strategy

For each priority, the DUP details the applicable objectives and actions and, for each action, the applicable results indicators. It is in this wider context that the appraisal of the added value of the strategy will take place. As discussed, the investments funded by the ERDF ROP do not constitute a strategy in themselves but rather projects that are part of a wider city strategy (the DUP). Evaluation arrangements are discussed below ('Monitoring and evaluation' Section).

Key challenges

A possible challenge may relate to the availability of adequately skilled actors locally that are sufficiently equipped to act as a managing body for the Open Lab. This will require a mix of managerial and sectoral expertise that, given the innovative nature of the activities to be realised and of the themes to be dealt with, may not be entirely available. A managing body will certainly be selected, but it may not have *all* the desired requisites. Another possible challenge may have to do with the difficulty of communicating to local stakeholders the added value and relevance of the Open Lab initiative, linked to the novelty and experimental nature of this endeavour. Linked to this, the municipality would have welcomed more structured and intensive work by the regional authority to build capacities among local actors and to support the urban authorities in their animation/sensitisation work, i.e. towards communicating to local stakeholders the message about the innovativeness of the new policy, and how it fits with the existing policy framework.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The actors involved in the interventions implemented under the ROP's Priority 6 in Reggio Emilia are: the ROP's managing authority (MA), the Municipality of Reggio Emilia (the Authority, UA), and the managing body of the forthcoming Open Lab (to be selected through a public procurement procedure). The respective roles in relation to the various stages of development and implementation of the interventions are described in the table to follow.

The Municipality of Reggio Emilia will monitor the activities of the Open Lab, according to procedures and governance arrangements that will be defined in the covenant signed by the UA and the managing body. The UA will fulfil monitoring and reporting obligations vis-à-vis the ROP.

Task	Responsibility
Development of strategy	Municipality of Reggio Emilia in dialogue with the Emilia-Romagna region.
Development of implementation plan	Municipality of Reggio Emilia.
Monitoring and reporting	Municipality of Reggio Emilia (to the MA).
Definition of selection criteria	Joint by the UA and the MA.
Selection of interventions	Municipality of Reggio Emilia in dialogue with the Emilia-Romagna region.
Preparation and launch of project calls / collection of application / selection	Municipality of Reggio Emilia in dialogue with the Emilia-Romagna region.
Evaluation	ERDF ROP managing authority (Emilia-Romagna region).
Financial management	Municipality of Reggio Emilia, managing body for the Open Lab (<i>soggetto gestore</i> , to be selected with public call), the ERDF ROP MA (Emilia-Romagna region).

Special implementation arrangements

Not applicable.

Implementation progress

The restoration works of the St. Peter's Cloisters structure are currently on-going; the mission and core business of the future Open Lab have been defined through the extensive consultations described above. The next step for the UA will be the issuance of the call for expressions of interest for the identification of the managing body that will be responsible for the Open Lab, currently foreseen for the end of February 2017. The call will be undertaken in the format of the so-called 'competitive procedure with negotiation', foreseen in Article 62 of legislative Decree no. 50/2016. According to this procedure, the municipality will invite interested parties (SMEs) to put forward their interest to become managing body for the Open Lab by submitting: (i) a management and delivery organisational model; and (ii) a financial and economic plan to 2025. The municipality will then engage in bilateral discussions with each proponent. The likely outcome of this call, and of the ensuing bilateral discussions, will be a distillation of the best features from across all applications and the launch, based on this, of a further call, restricted to the actors who had responded to the call for expression of interest. The duties of the selected operator and the outputs expected will be detailed in a covenant, signed by the UA and the selected managing body. Selection criteria for the identification of the Open Lab's managing body will include the appraisal of the longer-term sustainability of the Open Lab: after the first three years, during which the managing body will receive public funding, the Open Lab is expected to become self-sustainable. The covenant's signature is foreseen to take place by the end of September 2017.

Evaluation

Evaluation will remain a responsibility of the ROP's MA. The current evaluation plan for the ROP (Regione Emilia-Romagna, 2016) foresees the realisation of an evaluation on the impact of the interventions funded under Priority 6. This will be contracted out to external consultants and will focus on the following questions:

1. To what extent has the development of innovation through the new ICT services increased the attractiveness of the parts of the cities that have benefited from the redevelopment/restoration investments?
2. To what extent has the use of ICT fostered the active participation of citizens in the themes that are relevant for the city?

3. To what extent have the themes chosen for the Open Labs proven to be of interest to participating actors (firms, citizens, institutions)?
4. To what extent has the role of UA assigned to the provincial capitals led to an increase in their administrative capacity?
5. To what extent and with what effects have the interventions funded by the programme facilitated real integration of the urban strategies?

The evaluation will be realised according to the theory-based approach advocated by the Commission in its 2014-20 evaluation guidelines, and will rely on data generated through focus groups and interviews, as well as on data from the ROP's monitoring system.

2.3 GOOD PRACTICE AND LESSONS LEARNED

One lesson learned relates to the need for simplification of the administrative procedures linked to the ROP which, however, is largely beyond the control of the UA or MA. Another lesson learned is that it would have been beneficial to have had more structured preparatory work to sensitise local operators to the new policy and themes (already discussed above).

The consultation process realised for the identification of the core mission and activities of the Open Lab should certainly be viewed as good practice. As evidenced by the dedicated project website (<http://www.co-reggioemilia.it/>), these experiences mobilised a high number of actors. This can be taken to have delivered not only the desired direct goal of pinning down, in a participative manner, the activities and mission of the Open Lab, but also a wider, indirect and softer impact in terms of policy ownership, responsiveness and political accountability. Political commitment at the local level (e.g. the mayor and a municipal minister participated in the launch event of the 'Collaboratorio-RE' project) obviously played a part, as did the fact that Reggio Emilia is part of a context where social capital and administrative capacity are relatively high. The latter point is particularly significant: from the start, the interventions funded by the ROP were in line with the thinking within the municipal administration. This is internationally-minded and looks to other European countries and EU-level debates as a source of learning and inspiration. In other words, the innovations encompassed by the ROP were planted on an already fertile ground.

Strategy fiche – NOP Metro Turin, Italy

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Operational Programme
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2020
Is the strategy new?	Existed but substantially adapted
Size of town/city	500,000 – 1,000,000 inhabitants

Torino is the capital of the region of Piedmont in the north of Italy, and former capital of Italy. Piedmont is one of the most developed regions in Italy, and the only Italian region classified as a 'strong innovator region' in the most recent Regional Innovation Scoreboard (European Commission, 2016). However, it has been negatively affected by globalisation and has had to invest particular efforts towards economic restructuring and making the necessary shift from a traditional industrial vocation focused on sectors such as automotive and textiles, which faced significant drawbacks in recent decades. The recent economic crisis has also had profound consequences for the regional economy, evidencing the longer-term, structural weaknesses of the economic system, such as the slow productivity dynamic and the erosion of the productive base, with severe consequences in terms of unemployment and poverty (Regione Piemonte, 2014). Torino is a city of rich historical and cultural heritage. It hosts a university and a polytechnic, a further HE institution (*Collegio Carlo Alberto*), and a number of research centres. With around 900,000 inhabitants, it is the fulcrum of the Turin Metropolitan City which, altogether, accounts for c. 2.24 million inhabitants, about half the regional population. In recent years, it has become known as a city of design (UNESCO 'creative city for design' in 2014), and reinforced its image as a tourist and gastronomic destination. However, it is still facing economic restructuring problems with growing unemployment and youth unemployment, 11.4 and 46.4 percent respectively in 2013 (Città di Torino, undated: 2013 provincial-level data - corresponding to the metropolitan city established in 2015).

Targeted areas

The NOP Metro targets the Metropolitan City of Turin, and more precisely, for the majority of interventions, the City of Turin. The metropolitan city, which corresponds to the former Province of Turin, is formed by 11 'homogeneous zones', inclusive of a total of 315 municipalities. While the NOP Metro focuses on the Metropolitan City of Turin (and, primarily, the City of Turin), the Piedmont ERDF ROP concentrates its support for urban development on Piedmont's remaining seven provincial capitals: Alessandria, Asti, Biella, Cuneo, Novara, Verbania and Vercelli.

Challenges and objectives

The challenges that the programme aims to address are well illustrated in the 'NOP Metro – City of Turin Strategic Document' (Città di Torino, undated), within a wider discussion of the challenges faced by Turin. These challenges are of economic, social, demographic, environmental and climatic nature, and are tackled also with other financial means and strategies, outside the NOP Metro. The main challenges that are targeted by the NOP Metro include: supporting social services to tackle the social emergency generated by the crisis (e.g. between 2008 and 2013, the households in absolute poverty went up by more than 80 percent, expanding the group of actors in need of social welfare support); reducing the high level of CO₂ emissions (linked to the city's morphological configuration, high urbanisation and position of node between the north of Italy and the transalpine regions);

and, implementing the digital agenda. The social challenge, in the framework of the austerity fiscal measures, appears particularly salient: while the demand for social assistance, e.g. in the housing field, has increased sharply as a result of the economic crisis, the financial transfers made to the city for social welfare have diminished by 80 percent (in real terms) (Città di Torino, undated). The NOP Metro aims to tackle these challenges with: (i) interventions for the digitalisation of local services, to improve their efficiency, accessibility and transparency; (ii) energy-saving measures in municipal buildings, including through the use of new, digital technologies and management support tools; (iii) transport-related measures aimed at reducing CO₂ emissions (e.g. info-mobility and smart transport, and zero-impact slow mobility); (iv) social services (e.g. housing services for individuals/households in a condition of major fragility and for households unable to pay rent but ineligible for existing social housing schemes; new social innovation services delivered by NGOs or social actors in highly critical areas of the Turin metropolitan area, social innovation projects); and (v) social infrastructure (construction and re-use of building for social housing purposes/temporary housing).

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2c		4c					9b		
ESF									9i, 9ii, 9iv, 9v, 9vi		

Rationale and added value of the strategy

The rationale of the strategy comes from the perimeter of interventions foreseen in the NOP Metro and from the sectoral strategies and plan of the Municipality and Metropolitan City of Turin which, politically, derive from the Government Programme for the City, i.e. the electoral programme of the elected mayor (currently covering the 2016-21 period). The territorial added value of the strategy rests particularly in the programme design modality known as the 'joint strategic project design' (*co-progettazione strategica*) between the MA and the city, and in the attribution of implementation competences to the City of Turin, which allows the functional integration of the interventions funded under the NOP Metro with other interventions realised by the municipality under other strategies and with other funding sources.

Implementation mechanisms

The NOP Metro is managed centrally by the Agency for Cohesion (Managing and Certifying Authority, MA), with the City of Turin acting as intermediate body (IB) based on an act of delegation signed with the MA. More precisely, in line with Article 7.4 of the CPR (Reg. 1301/2013), the NOP Metro identifies the mayor of each metropolitan city (Turin, in this case) as the 'urban authority' and intermediate body.

A programme-wide, i.e. national-level, management and implementation system, called '*Caronte*', ensures that the MA has the necessary information to accept the payment declarations received from the IBs. However, the city also implements its own monitoring system that accomplishes both monitoring and delivery functions.

The NOP Metro assigns the City of Turin €40,218,000, inclusive of performance reserve (€2,448,000) and TA (€1,050,000). As in the programme as a whole, Priorities 1, 2 and 4 are funded by the ERDF, Priority 3 is funded by the ESF (see tables below).

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 27,939,615.43
	ESF	€ 9,830,384.57
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

Priority axis	No. of projects	Amount
Phase 1 – Assigned resources		
1: Metropolitan digital agenda	12	€ 7,493,949.05
2: Sustainability of public services and services for urban mobility	8	€ 14,929,398.94
3: Social inclusion services	4	€ 9,830,348.57
4: Social inclusion infrastructure	1	€ 4,466,367.44
Total Phase 1		€ 36,720,000.00
Phase 2 – Performance reserve (PR)		
1: Metropolitan digital agenda	2	€ 435,043.29
2: Sustainability of public services and services for urban mobility	2	€ 1,010,776.76
3: Social inclusion services	Not quantified ex ante	€ 627,471.36
4: Social inclusion infrastructure	Not quantified ex ante	€ 374,708.59
Total Phase 2		€ 2,448,000.00
TOTAL inclusive of PR		€ 39,168,000.00
5: Technical Assistance		€ 1,050,000.00
TOTAL INCLUSIVE OF TA		€ 40,218,000.00

Source: Città di Torino (2016) *Piano Operativo Città di Torino*, October 2016, p.3

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	No (not applicable given types of interventions)	
Private sector	TO2.1.2a, 2.1.2.b Yes, in energy sphere, under the so-called third-party finance (<i>finanza tramite terzi</i> , FTT) – measures	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The design of the strategy was informed by the relatively limited financial scale of the programme and by its incorporation in the NOP Metro and, related, in the Italian Partnership Agreement, which were rather prescriptive in terms of outlining what could and could not be funded. Thus, rather than a process of 'fresh' strategy design, what was carried out was a technical process, by the City of Turin's 'Service for European Structural Funds, Innovation and Smart City', in dialogue with the MA and with other city departments, identifying those measures, from the existing municipal and metropolitan sectoral strategies, that could be funded by the NOP Metro (for example Turin's Smart City

Masterplan, the strategy 2SMILE - Smart Mobility, Inclusion, Life & Health, Energy, dated 2013, and the longer-term strategic plan *Torino Metropolitana 2025*).

Consultation process

The consultation process was realised at the stage of the design of the individual strategies and plans to which the NOP Metro programme contributes. An example is the design of the SMILE strategy mentioned above, for which, under the direction of the city administration, circa 350 actors were mobilised, between local authorities, university, polytechnic, excellence and research centres, firms, foundations and associations representing different economic sectors. A further example is represented by the *Torino Metropolitana 2025* strategy. In this latter case, the consultation process was coordinated by a dedicated association, *Torino Internazionale*, and involved c. 500 individuals and 230 institutions in a participatory process that took two-and-a-half years and 150 meetings. It should be noted that the aforementioned strategies are separate from each other, as they respond to different legal frameworks; thus, the involvement of stakeholders was undertaken separately for each, mobilising different types of actors.

Links to domestic pre-existing strategies

The NOP Metro Turin has been elaborated in close adherence with, and so as to contribute to, a number of pre-existing strategies, particularly the aforementioned 'Strategic Plan for the Metropolitan Territory', known as *Torino Metropolitana 2025* and the Smart City Masterplan, denominated SMILE (Smart Mobility Inclusion Life and Health and Energy). *Torino Metropolitana 2025* has two overarching objectives: (i) building a metropolitan governance system to support increasingly efficient and integrated services and investments; and (ii) to enable the local economic system to undertake a new development phase. The NOP Metro is a crucial tool for the first of these two objectives. Further city-level strategies to which the NOP contributes include the E-Gov Plan of the City (implementing the local digital agenda), the Urban Sustainable Mobility Plan (*Piano Urbano per la Mobilità Sostenibile*, PUMS), the Turin Action Plan for Energy (TAPE), the Strategy Torino Social Innovation, and the Municipal Social Housing Programme.

Measuring the effectiveness and added value of the strategy

The City of Turin has set up a monitoring system that tracks the outputs of the investments realised under the programme, supporting any future appraisal of effectiveness. The physical indicators derive from the expected results that are specified for each operation in the dedicated fiche in the 'Operational Plan City of Turin'. For example, for measure TO2.1.2b, on the reduction of energy and thermal consumption of public buildings, these indicators include: the surface of the buildings treated (1,365,248 cubic metres); the training of (3,000) individuals on energy-saving and on the correct utilisation of the new technologies introduced; and the technological renewal of (118) thermal units (figures in brackets relate to targets to be achieved by December 2021). This monitoring system is now up and running.

Evaluations will be realised for the programme as a whole, i.e. nationally, under the responsibility of the national MA, the Agency for Cohesion (see Monitoring and Evaluation Section below). There is an evaluation plan, agreed by the MA with the cities. The planned evaluations appear focused on horizontal themes, applicable programme-wide, i.e. across the 14 cities. Themes may be, for example, the effects of the NOP in terms of adoption of new digital technologies, the role of the NOP in reducing social exclusion and housing problems, etc.

As far as the value of the territorial strategy of Turin is concerned, the NOP Metro, as illustrated, only funds a (relatively small) part of the investments realised by the Metropolitan City of Turin as part of its wider-ranging strategy. Thus, the value of the NOP-related strategy can only be appraised in the wider framework of the City of Turin's strategies.

Key challenges

A key challenge so far has been the delay in the approval and operational launch of the NOP and, thereafter, the delay linked with the political change in the city. A more specific operational challenge has been represented by the necessity to review procedures based on the recently approved Public Procurement Code (April 2016), which has changed a number of requirements related, for example, to the treatment of in-house companies. Substantial work was also needed (nationally) to clarify the confines of the expenses eligible under the programme and to set up new procedures and working groups, as required by the novel and experimental nature of the programme.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The Torino NOP Metro programme is implemented by the City of Turin, which acts as the intermediate body based on a delegation document signed with the programme's managing authority (the National Agency for Cohesion) in April 2016. The municipality is also the beneficiary of most of the measures. The programme funds mainly interventions that are directly implemented by departments within Turin's administration or by in-house companies of the city. All of these interventions are described in detailed fiches in the dedicated 'Operational Plan City of Turin' (Città di Torino, 2016). Under Priority 3 (Social services), there are interventions that will be implemented through public tendering. Within the Municipality of Turin, c. 6-7 members of staff work on the coordination of the programme, not all of them on a full-time basis. The table below summarises the tasks pertaining to the IB and the MA.

Task	Responsibility
Development of strategy	For the OP as a whole the MA in discussion with the cities. For the city, the City of Turin's Strategic Document was developed by the City of Turin's administration (but in dialogue with and subsequently approved by the MA).
Development of implementation plan	City of Turin (as urban authority/IB).
Monitoring and reporting	City of Turin for its part of the programme (to the MA).
Definition of selection criteria	Joint by IB and MA, approved by Programme Monitoring Committee.
Selection of interventions	Largely joint, under a so-called 'co-progettazione strategica' (joint strategic project design) whereby IB and MA jointly implement a process of participation leading to the selection of a limited number of integrated operations (described in detail in the 'Operational Plan City of Turin').
Preparation and launch of project calls / collection of applications / selection	Where applicable (Priority 3), project calls will be issued by the thematically responsible unit/official within the Municipality of Turin's administration. The responsible official for each operation is identified in the 'Operational Plan City of Turin' (in the fiche dedicated to the specific operation).
Evaluation	MA (in consultation with the urban authorities).
Financial management	Both IB and MA.

Special implementation arrangements

CLLD is not applicable given the types of investments foreseen; there is no use of financial instruments. Only non-repayable grants and, for energy-related measures, third-party finance will be employed (TO2.1.2a and TO2.1.2b – on the reduction of thermic and electrical consumption in public buildings).

Implementation progress

The implementation of Torino's NOP Metro programme started in October/November 2016 and, at the time of the interview, in January 2017, no payments had been made. Implementation was slowed down by three factors: (i) the late approval of the NOP (one

of the last Italian OPs to be approved, in July 2015); (ii) the extensive time needed to set up the procedures necessary to support implementation – the choice to appoint cities as IBs was unprecedented and required the design of new processes and the implementation of supporting activities in a number of areas; and, (iii) the political change entailed by the elections of June 2016. This latter change did not lead to an overhaul of the strategy but, by nature, slowed down implementation (by a further six months or so).

Evaluation

The responsibility for the evaluation of the OP lies with the managing authority. The choices that will be made with regard to evaluation questions and *foci* will nevertheless be made in dialogue with the 14 cities (IBs), through a network of evaluation-responsible officials whose operation is funded by the NOP's TA. Monitoring is delegated to the IBs but in a framework of integration with the NOP-wide Management and Information System with regard to financial information (allowing the MA to obtain the necessary information to approve the payment declarations received from the IBs). In Torino, the monitoring system is up and running and was conceived as a tool to aid implementation, supporting controls on the expenditure of eligibility and financial accounting, but also as a tool that will provide data on results, serving as an information base for any impact evaluation that may be undertaken in future.

2.3 GOOD PRACTICE AND LESSONS LEARNED

It is early to talk about good practice since implementation has just started and given that the programme is essentially a vehicle for the realisation of investments, in selected fields, that were already foreseen under pre-existing strategies (this was an explicit requirement of the NOP). However, one area in which the programme has made a difference in Turin, and thus delivered added value, is the governance associated with the delivery of social services. The NOP, despite the limited resources, has prompted a restructuring of the organisation of social service provision through the creation of multi-dimensional single-access points, i.e. one-stop shops for all the different social needs that may apply to a single user/household.

A further potential good practice may be represented (eventually) by the work carried out nationally by the MA to create *fora* and spaces for an effective dialogue and exchange of practice between the metropolitan cities. In addition to the above-mentioned evaluation network, a similar network was established on communication, and a 'technical secretariat' was set up involving the cities and the variety of national administrations and agencies operating in the areas of the programme, to facilitate cross-fertilisation (e.g. Ministry of Research; *Agenzia per l'Italia Digitale*, AgID; the national Agency for New Technologies, Energy and Sustainable Economic Development, ENE, and so forth). The intention of the MA has been to create a place where the cities can dialogue on their strategies, exchange experience, discuss the European Urban Strategy, etc. A goal of the NOP is to create a new governance system that, if successful and with opportune adaptations, could also be replicated in medium and smaller-sized cities.

In terms of lessons learned, notwithstanding the fundamental caveat about the limited implementation progress realised so far, a key problem for Turin (and, presumably, for other Italian metropolitan and non-metropolitan cities) is represented by the lack of a national urban strategy and by the fragmentation of responsibilities for urban development at the national level, which means that cities must interact with different ministries/agencies. These factors are limiting the ability of cities, which have very limited funding, not least due to the Stability Pact, to plan their investments over the medium-to-long term. Even if strategies and programmes are in many cases multi-annual – based on the political programme of the elected mayor – the budgets are annual, entailing a degree of disconnect between strategic programming and implementation.

Strategy fiche – Palermo, Italy

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2023
Is the strategy new?	Existed but substantially adapted
Size of town/city	1,000,000 – 5,000,000 inhabitants

Palermo is the capital of Sicily, one of the least prosperous Italian regions, which ranks 20th out of 22 amongst the Italian regions in terms of GDP per capita (2014 data) and second for unemployment (with an unemployment rate of 21.4 percent, 2015 data) (ISTAT, 2016). Sicilian GDP per capita has been in constant decline since 2006, i.e. even before the onset of the economic crisis, and the region, like the South of Italy generally (SVIMEZ 2016), has been severely affected by the economic crisis (Regione Sicilia, 2015). Even though Sicily accounts roughly for 8.4 percent of the national population, in 2013 it hosted 11.3 percent of the Italian unemployed (Regione Sicilia, 2015). The region has a youth unemployment rate of 55.9 percent (ISTAT 2016, 2015 data) and about one-fifth of total employment is employed in irregular work (ISTAT 2016, 2013 data).

Targeted areas

The NOP Metro targets the city of Palermo and its metropolitan area.

Challenges and objectives

Palermo is a city of extraordinary historical, architectural and cultural heritage. However, it is characterised by an economy that is disproportionately based on the tertiary sector. It has an ageing population, high levels of unemployment, particularly amongst the young and women, and, as a result of the crisis, it is facing a high and complex social need that the diminished social welfare budget is leaving partly unmet (Città di Palermo, 2016a). The city is also far from its intended energy efficiency and CO₂ reduction targets, due to a high usage of private cars and still insufficient public transport provision (Città di Palermo, 2016a). This background makes social and environmental challenges, alongside the need to boost the economy and generate jobs, the main challenges to be addressed by public policy.

The NOP Metro Palermo aims to tackle the social and environmental needs described above with interventions of modernisation and strengthening of urban services. This will involve measures funding: (i) the digitalisation of municipal services; (ii) sustainable mobility, based on innovative structural solutions; (iii) energy efficiency of public buildings and infrastructure; and (iv) support for disadvantaged social classes and to tackle poverty (Città di Palermo, 2016). The NOP Metro for the city of Palermo comprises four priorities plus a technical assistance priority, summarised in the table to follow. The following ESIF investment priorities are supported:

Thematic Objective	TO 1	TO 2	TO 3	TO 4	TO 5	TO 6	TO 7	TO 8	TO9	TO10	TO11
ERDF		2c		4c, 4e					9b,		
ESF									9i, 9ii, 9iv, 9v, 9vi		

Rationale and added value of the strategy

The rationale for the strategy comes from the range of interventions foreseen in the NOP Metro, from the challenges to be tackled (above all, social and environmental ones), and from the existing sectoral strategies and plans of the Municipality and Metropolitan City of Palermo. The financial resources of the strategy represent a strong element of added value, given the cuts faced by the municipality, which have had a particular impact on the city's ability to provide social services to meet the increasing demand.

Implementation mechanisms

The NOP Metro is managed centrally by the Agency for Cohesion (Managing and Certifying Authority, MA), with the City of Palermo acting as urban authority and intermediate body (IB) based on an act of delegation signed with the MA. More precisely, in line with Article 7.4 of the CPR (Reg. 1301/2013), the NOP Metro identifies the mayor of each metropolitan city (Turin, in this case) as the 'urban authority' and intermediate body. A programme-wide (national-level) management and implementation system, called *Delfi*, ensures that the MA has the necessary information to accept the payment declarations received from the IBs.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 65,061,662.5
	ESF	€ 21,168,337.5
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The design of the strategy was informed by the already existing framework of urban strategies of the City of Palermo, by the wider strategies implemented in the city (e.g. the regional urban agenda) and, obviously, by the parameters of the NOP Metro, which allows investments in four priority areas: (i) metropolitan digital agenda; (ii) sustainable public services and urban mobility; (iii) social inclusion services; and, (iv) social inclusion infrastructure (plus technical assistance).

Consultation process

The involvement of stakeholders had already been ensured at the stage of the development of the broader strategic lines for the municipality. They derive from the electoral programme of the mayor and have subsequently been refined in dialogue with institutional actors and stakeholders. After the approval of the operational plan of the NOP Metro Palermo, a further round of discussions with the municipalities of the metropolitan area around Palermo was also launched, in January 2017, to discuss the envisaged interventions and to make sure that they are not only shared but also coherent with other strategies according to a logic of integrated territorial programming. In addition, one of the actions funded by the operational plan's technical assistance foresees the establishment of a working group involving departments from the municipal administration of Palermo, representatives from the municipalities of the area surrounding the city (metropolitan area and wider area, *area vasta*) and officials from the regional administration. The aim is to establish an on-going inter-institutional dialogue forum, aimed at: strengthening the linkages between the municipality of Palermo and the metropolitan municipalities; enhancing the complementarities with regional programming; promoting a strategy of innovation on a metropolitan scale; and developing economies of scale, deriving from the merger of digital services.

Links to domestic pre-existing strategies

The NOP Metro is one of many strategies and programmes implemented in the city and metropolitan area of Palermo. The city administration has the overall global vision of these strategies, and it is at city strategic level that the complementarities between the different strategies and funding sources are ensured. For the NOP, a technical committee ensures that the interventions implemented are synergic and integrated with those funded from other sources. This integration is both thematic and territorial. For example, the NOP funds the purchase of new busses while other resources fund the purchase of vehicles for car-sharing (which are not eligible under the NOP); the NOP funds interventions in certain areas of the metropolitan city, while other resources fund other areas (e.g. the Regional Urban Agenda funds measures in the town of Bagheria, which is not supported by the NOP). The main strategies worth mentioning that the NOP complements are:

- the national 'Pact for the South', specifically the Pact for Palermo, which altogether mobilises for the city of Palermo c. €750 million (of which c. €61 million comes from the domestic Development and Cohesion Fund). The Pact funds mainly infrastructural investments such as the tram network, bike and car-sharing, public works for landslide prevention, school buildings, parking areas, refurbishment of Palermo's main theatre, plus other interventions for culture, tourism and entrepreneurship (Presidenza del Consiglio dei Ministri e Città di Palermo, 2016; see also 'Il Patto per Palermo diventa realtà. Sbloccati 700 milioni di euro', 7 November 2016).
- the regional urban agenda, which invests in the Municipality of Bagheria, a municipality that is part of the metropolitan area of Palermo, to the South of the city; and
- the ERDF and ESF regional Operational Programmes.

However, there are many other sources of funding. For example, the interventions implemented under Priority 3 (Social inclusion services) are complementary to existing regional legislation, to the financial instruments foreseen by the national legislation of the Housing Plan (*Piano Casa*), and to the 2014-20 NOP Inclusion etc. The Operational Plan describes in detail for each project, in a dedicated 'project fiche', the synergies with other programmes – whether national, regional or municipal – as well as the internal synergies within the NOP Metro Operational Plan.

Measuring the effectiveness and added value of the strategy

The NOP will be monitored according to the indicators specified in the NOP and, for each project funded, in the project fiches detailed in the Operational Plan. In illustration, for the intervention 'ICT Platform, Social assistance and support', the results indicators and targets foreseen are:

- a. for the register of need bearers (*anagrafe dei portatori bisogni*), the fact that the service foreseen will be operational and accessible to the entire resident population of at least 7 municipalities by 31 December 2018 and by at least 44 municipalities by 31 December 2020;
- b. for the register of needs (*anagrafe dei bisogni*), the fact that the service foreseen will be operational and accessible to the entire resident population of at least 4 municipalities by 30 June 2019 and of at least at least 44 municipalities by 31 December 2020;
- c. for the register of the housing stock (*anagrafe del patrimonio abitativo*), the fact that the service foreseen will be operational and accessible to the entire resident population of at least 4 municipalities by 31 December 2018 and by at least 44 municipalities by 31 December 2020;
- d. for the Portal Social Web (*Portale Web Sociale*), the fact that the service will be operational and accessible to the entire resident population of at least 4 municipalities by 30 June 2019 and at least 44 municipalities by 31 December 2020.

Monitoring is delegated to the IBs but in a framework of integration with the NOP-wide Management and Information System with regard to financial information (allowing the MA to obtain the necessary information to approve the payment declarations received from the IBs).

In Palermo, the monitoring system for the interventions of the NOP Metro is up-and-running but will be strengthened further during implementation. Results indicators and the related targets are foreseen for each priority axis and project listed in the dedicated fiches under each priority. The contribution of the strategy to the objectives of the OP will be ensured by the strategic coherence realised at the design stage of the strategy (approved by the MA of the NOP Metro).

Key challenges

Apart from the initial delays, which have now been overcome, the need to implement a very comprehensive investment plan may prove to be a challenge for the city, not only through the NOP Metro but also through the Pact for Palermo and the other funding sources that the city is responsible for administering. This will require substantial administrative capacity. The city administration is confident that the conditions are in place for a smooth implementation of the NOP, but the task at hand for the city administration, considering the NOP in the context of the other programmes and plans that the city is responsible for delivering, is significant and entails risks.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The City of Palermo is the urban authority, responsible, as intermediate body, for the implementation functions delegated by the NOP Metro's managing authority (the national Agency for Territorial Cohesion). Key responsibilities are summarised in the table below.

Task	Responsibility
Development of strategy	For the OP as a whole, the MA in discussion with the cities. For the city, the City of Palermo's Strategic Document was developed by the City of Palermo's administration (but in dialogue with, and subsequently approved by, the MA).
Development of implementation plan	City of Palermo (as urban authority/IB) but based on a template from the MA and agreed with the MA.
Monitoring and reporting	City of Palermo for its part of the programme (to the MA). The MA for the programme as a whole.
Definition of selection criteria	Joint by IB and MA, approved by programme monitoring committee.
Selection of interventions	Many of the interventions are already identified in the Operational Plan (i.e. pre-selected) and relate to activities undertaken by the municipal administration or the participating companies. For others, e.g. under the Technical Assistance Priority, project selection will be carried out by the city administration, namely by a dedicated 'technical committee' under the responsibility of the 'responsible person for the urban authority'. Each project is appraised ex ante and linked to indicators that will be utilised at the stage of ex post evaluation.
Preparation and launch of project calls / collection of applications / selection	Where applicable, project calls will be issued by the thematically responsible unit/official within the City of Palermo's administration. The responsible official for each operation is identified in the 'Operational Plan City of Palermo' (in the fiche dedicated to each specific operation).
Evaluation	MA (in consultation with the urban authorities). City of Palermo administration to carry out additional evaluations for the assessment of the socio-economic and environmental impact on the metropolitan territory of the projects.
Financial management	Both IB and MA for the respective competences.

In line with the structure agreed by the NOP Metro for the Operational Plans of all metropolitan cities, the Operational Plan for the City of Palermo describes each Priority in detail (summary of the intervention; results indicators to be achieved, with baseline and target; expenditure profile) and, under each Priority, each project, providing information on:

- project code and title;
- implementation modality (all *a titolarità*, meaning that the city itself is responsible for the implementation and beneficiary);
- type of operation (i.e. purchase and realisation of goods and/or services, or public works);
- beneficiary (the municipality of Palermo in all cases);
- single responsible person for the procedure and implementing body (in both cases, always officials from the city's administration);
- objectives of the project and activities to be realised;
- territorial area (different configurations: the city, the metropolitan area, the city plus surrounding municipalities and, in one case, sub-areas within the city of Palermo);
- expected result (with indication of indicators, with baseline and target to be achieved);
- financial resources; and
- chrono-programmes (related to both the planned expenditure and to the indicated activities to be realised, in the latter case, through a gantt chart).

Special implementation arrangements

Not applicable.

Implementation progress

It is premature to talk about implementation progress. Implementation will start in earnest only in 2017. There was a delay in the approval of the NOP overall. Further, after the approval of the programme, there were a number of procedural steps that had to be taken, which delayed the process further. For example, a number of interventions fund in-house companies of the municipalities. It was necessary to clarify the status of these vis-à-vis State aids legislation. The MA also requested the UA efforts towards strengthening institutional capacities. These resulted in organisational changes in the City of Palermo's administration – such as the establishment of a technical, a financial and a corruption-prevention unit – all of which, again, took time.

Evaluation

The responsibility for the evaluation of the OP lies with the managing authority. The choices that will be made with regard to evaluation questions and foci will nevertheless be made in dialogue with the 14 cities (IBs), through a network of evaluation-responsible officials whose operation is funded by the NOP's TA.

In addition to the evaluations that will be conducted programme-wide, the Operational Plan for the City of Palermo foresees the realisation of additional evaluations under the Technical Assistance priority to assess the socio-economic and environmental impact on the metropolitan territory of the projects funded by the NOP Metro.

2.3 GOOD PRACTICE AND LESSONS LEARNED

It is early to talk about good practice, since implementation has just started. However, the establishment of an institutional forum involving the municipalities of the *area vasta* and officials from the regional administration appears a valuable measure that should enhance the synergies between the different funding sources and whose added value is therefore likely to spill over beyond the specific areas of intervention of the NOP. Further, the NOP, through the realisation of the various digital platforms funded under Priority 1, contributes significantly to the realisation of the digital agenda and to the modernisation of the modus operandi of the Municipality of Palermo and neighbouring municipalities, injecting innovation into the delivery and monitoring/analysis of public services.

A potential good practice may also be represented (eventually) by the work performed nationally by the MA to create fora and spaces for an effective dialogue and exchange of practice between the metropolitan cities. In addition to the above-mentioned evaluation network, a similar network was established on communication, and a 'technical secretariat' was set up involving the cities and the variety of national administrations and agencies operating in the areas of the programme, to facilitate cross-fertilisation (e.g. the Ministry of Research; *Agenzia per l'Italia Digitale*, AgID; the national Agency for New Technologies, Energy and Sustainable Economic Development, ENEA). The intention of the MA has been to create a place where the cities can dialogue on their strategies, exchange experiences, discuss the European Urban Strategy, etc. A goal of the NOP is to create a new governance system that, if successful and with opportune adaptations, could be replicated in medium-sized and smaller cities too.

Strategy fiche – Kaunas, Lithuania

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Administrative area of city/town
Planning horizon	2023
Is the strategy new?	Existed but substantially adapted
Size of town/city	250,000 - 500,000 inhabitants

Kaunas is the second most populated city in Lithuania. The city of Kaunas is in the geographical centre of Lithuania, surrounded by economically and socially homogeneous rural and urban areas. One of the most visible issues of Kaunas city over the last decade is population decline. In 2016, the city of Kaunas had 298,000 inhabitants, 25 percent less than in 2001. This population decline is partly caused by natural population decrease (-0.2 percent to -0.3 percent each year). However, the largest share of inhabitants was lost due to individuals emigrating to other cities or countries or to Kaunas' suburbs. The economic, social, and demographic structure of Kaunas region, part of which includes Kaunas city, is in line with the average trends of the entire country: GDP per capita in 2013 was €11,600, and annual GDP growth in 2011–2014 was around 10.7 percent. The majority of Kaunas city inhabitants are employed in the traditional economic activities of the region: 35 and 34 percent work in manufacturing and construction respectively.

Targeted areas

Kaunas city's integrated territorial development programme (hereinafter, the strategy) is aimed at two inner-city neighbourhoods. These areas were selected on the basis of the concentration of public infrastructure, public spaces, and economic potential of the areas. Both target neighbourhoods (Aleksotas and Zaliakalnis) are in close proximity to the historic city centre and can be considered traditional neighbourhoods with clear boundaries and distinctive identities. The target neighbourhoods have a large variety of public spaces and recreation zones, but they also have a few abandoned industrial sites that, taking into account their geographical location, cannot be used for their initial purpose and should be converted to better fit the residential type of the neighbourhoods. According to the Kaunas city master plan, both neighbourhoods should be further developed and should function as residential areas with some small businesses in them.

Challenges and objectives

Kaunas city has a few universities, an industrial tradition, and an educated workforce. However, it faces difficulties in consolidating its social capital and attracting more people and investments. The natural population decrease and emigration as well as aging society are seen as the main development challenges for Kaunas city. The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF / CF				4e	5a	6a, 6b, 6c, 6e	7b	8b	9a	10a	
ESF									9i, 9iv		

The strategy aims to stabilise population decline by improving the living environment. It is expected to attract more people to live in the inner parts of the city. At the moment, young people and families more often choose to emigrate or to live on the outskirts of the city and commute daily to the centre, causing growing functional differentiation of the city and further problems related to air pollution, parking infrastructure, etc.

Rationale and added value of the strategy

During the 2007–13 financial period, Lithuania implemented a share of territorially targeted investments aimed at a few regional centres. The largest cities, however, could not benefit from this opportunity, and the amount of funds allocated per capita in the largest cities was significantly smaller compared to the small and medium-sized cities and rural areas. Inhabitants of the five largest cities comprise 40 percent of the total population of Lithuania. Thus, the need to enhance the largest cities' living conditions and economic performance is evident and was finally accepted following ERDF Regulation Article 7 requirements on sustainable urban development. ITI presents an opportunity for targeted territorial investments, thus promoting synergy between operations.

Implementation mechanisms

Kaunas city's integrated territorial development programme is implemented via the ITI mechanism. ERDF, CF, and ESF funds are involved in funding projects under the strategy. The strategy covers 7 out of 10 investment priorities addressed in the Lithuanian OP 2014–20. Selected investment priorities are 4, 5, 6, 7, 8, 9, and 10.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 83,229,688
	ESF	€ 142,530
	Cohesion Fund	€ 8,441,130
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

European funding accounts for more than 75 percent of the total budget. The domestic public contribution to the strategy is around 23 percent; only 1.5 percent is expected to be allocated from the private sector. The strategy includes projects planned to be financed using financial instruments, but the allocations under financial instruments are not included in the strategy's action plan and its budget. Loans will be used to finance projects aimed at improving energy efficiency in public buildings and private apartment buildings. The total amount of funds expected to be allocated via financial instruments is around €33 million.

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Being considered	€ 33,216,000*
Repayable grants	Not considered	
Community-Led Local Development	Being considered	€ 1,833,578*
Private sector	Used	€ 1,823,689
Other	Unclear	

* Not included in the strategy's action plan and its budget

CLLD is also planned as part of the strategy. However, the strategy does not include any budget for CLLD implementation. The budget for Kaunas community's strategies is agreed upon directly with the Ministry of the Interior of the Republic of Lithuania (i.e. the intermediate body acting on behalf of the managing authority in terms of ITI and the CLLD approach).

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The main responsibility for designing the strategy was given to the Kaunas City Municipal Administration.

The local administration was involved in all stages of strategy development, even though it is not designated as an intermediate body. Based on guidelines for preparing the integrated territorial development programme (delivered by the Ministry of the Interior of the Republic of Lithuania), local communities and other local actors were also involved in the design process. Both target neighbourhoods have had active communities for some time, so they were very engaged in the strategy-planning process from the outset. The community's active involvement and responsibility were among the factors that influenced the final choice of neighbourhoods (i.e. which neighbourhoods would be listed). Nevertheless, there were no organisations with the status of local action groups, thus both local action groups (for the Aleksotas and Zaliakalnis neighbourhoods) were established during the strategy-design process. The local action group's formation process was run mainly by local sub-community organisations and did not face any major issues. Nevertheless, due to a time shortage, the sub-community organisations had less opportunity to meet potential partners and the Kaunas municipal administration (which is a stakeholder in both local action groups) to intervene in the process and bringing in some additional stakeholders, especially those from the business community.

The Ministry of the Interior of the Republic of Lithuania provided guidance on the design and implementation of the integrated territorial development programmes. The Kaunas City Municipal Administration was involved in the consultation process with the Ministry of the Interior during the entire design process. The Ministry of the Interior's guidance was useful and helped the city shape the strategy according to ESIF requirements. On the one hand, the Ministry of the Interior's intense involvement may have led – to some extent – to similar strategies being developed in different cities and may be considered slightly restrictive. On the other hand, Kaunas city identified its main issue of significant population decline, and the local administration was able to come up with a strategy to cover all of the target neighbourhoods' basic development needs. The specific aims of the strategy were identified based on Kaunas city's master plan's monitoring data and SWOT analysis.

Prior to the formal approval process, there were meetings with communities, professional organisations (e.g., Kaunas Architecture Society and similar), and national ministries. Discussions and consultations on particular questions or the strategy as a whole were considered during the strategy-assessment process. However, no evaluation of the strategy was conducted.

Formal approval consists of a three-level legislative process. First, the strategy was approved by the Kaunas City Council and then by the Kaunas Regional Council and the Minister of the Interior of the Republic of Lithuania. Additionally, prior to formal approval of the strategy, the measures' groups had to coordinate with the particular ministry (intermediate body) in charge of the related economic sector. Ministry confirmation had to include a statement that the strategy's measures were in line with the related OP

requirements and national strategies and that planned demand for funds was in line with ESIF and national budget availability.

Consultation process

Following the guidance issued by the Ministry of the Interior, the local administration involved local communities, local politicians, and other local actors in the strategy-design process. At consultation events, the Kaunas City Municipal Administration presented its version of the whole strategy or of separate measures and then asked for comments and feedback from the stakeholders. Other event participants, including professionals in architecture, city planning, and business, provided the local authorities with valuable advice, thus improving the final version of the strategy, although the implementation of recommendations was not mandatory for the strategy developer.

Links to domestic pre-existing strategies

This approach involving the integrated development of particular city areas was a new type of planning for local authorities. Although the Kaunas City Municipal Administration has extensive experience in strategic and investment planning, it generally involves the entire city, not just particular neighbourhoods. Some may argue that this planning experience is based more on solving urgent issues (e.g. renovating old school buildings or replacing part of the city's sewerage system) rather than planning measures that will contribute to the single and clear aim of improving living conditions and encouraging more people to live in targeted areas within the city itself.

Although previously approved Kaunas strategic-planning documents included a number of actions that are now part of the strategy, only the strategy-design process provided the opportunity to unify all the investments, which were quite sporadic in the sense of time and interconnection. In that sense, the strategy is a new document. Moreover, its design process required some new skills from the local authorities, because all the planned actions needed to be highly coordinated in time and space.

Currently, the strategy is approved as part of the Kaunas city strategic development plan and is fully integrated with other planned investments.

Measuring the effectiveness and added value of the strategy

The strategy includes quantitative effect and result indicators. These indicators measure the positive change of population, increased new business registrations per 1,000 inhabitants, increased household incomes, and reduced air pollution. All effect and result indicators are measured at the city level, reflecting the expectation that investments in target neighbourhoods will positively affect the entire city. The chosen indicators depend on various factors and are highly representative of the multi-thematic approach. On the other hand, however, the presence of multiple determinants can cause difficulties in measuring the extent to which the strategy is contributing to desired changes in the entire city.

Output indicators are related to each separate project and mostly measure hard results, such as square meters of renovated public spaces, number of people connected to renewed sewerage systems, etc.

There are no indicators to measure the added value of the strategy, but it is generally expected that the design and implementation of the strategy will enhance partnerships between local authorities and local communities as well as contribute to their strengthening. Local authorities see the strategy-planning and implementation process as a good exercise to prove the use of integrated planning in the real life. Success of the

strategy will be an important determinant of whether and to what extent an integrated approach will be introduced into city planning in the future.

The strategy uses the same output indicators as the relevant OP measures. Thus, on the output level, the strategy's contribution to OP objectives will mainly be realised via these indicators. The strategy's effect and result indicators are not directly cited from the OP, but they are related to some thematic objectives (e.g. enhancing the competitiveness of SMEs or preserving and protecting the environment and promoting resource efficiency).

The strategy addresses issues directly related to the Europe 2020 strategy as well. Considering that the Kaunas city strategy covers multiple measures that will be implemented in the limited area, it gives a good opportunity to measure the CF's potential to contribute to changes at the local level in response to the challenges pointed out in Europe 2020. Nevertheless, the established strategy's indicators might not be enough to precisely assess the strategy's contribution to Europe 2020. Thus, additional evaluation exercises could be necessary to demonstrate clear links between the strategy's results and European objectives.

Even though the strategy indicator system basically shows the strategy's contribution to national and European objectives, the current indicator system and ways of measuring the strategy's contribution might not be enough to demonstrate the strategy's impact at the local level. That is, what kind of changes will happen in the target neighbourhoods when all the investments are implemented? Considering that the main objective of the strategy is to attract more people to live in Kaunas city, some qualitative indicators measuring residents' perceptions about their neighbourhood, satisfaction with the changes, and availability of new services should probably also be added. Such measures would help to determine whether the strategy was able to contribute to the ultimate objective: to improve the quality of life.

Key challenges

The guidance issued by the Ministry of the Interior required organisation of the consultation process with local communities and other local actors. Even though the Kaunas City Municipal Administration has some experience dealing with local stakeholders, involving these stakeholders in the planning process to such a great extent was a new approach. Thus, the local administration spent more time and energy coordinating the process than they would have spent following their previous practices. However, despite some shortcomings, the final result is worth all these efforts because local authorities feel that they have support from the community and that the strategy is not just yet another administrative document. At the same time, local communities feel like the stakeholders of the strategy and agree that they received significantly more information from the local authorities during the strategy-design process than ever before, although their role in the decision-making process was limited.

Since the beginning of the design process, the Kaunas City Municipal Administration also faced difficulties in terms of data availability. In order to compare inner-city neighbourhoods and to get hard evidence about the challenges they face, statistical data were needed. However, the availability of statistical data at the LAU2 level is very limited. Moreover, most of the neighbourhoods are closely interlinked with other neighbourhoods and the entire city. This makes it quite challenging to isolate factors related to a particular neighbourhood. It seems that Kaunas city solved the issue of not having hard data by emphasising potential future success to attract more people and businesses into certain neighbourhoods, taking into account the structure, type of residence, availability of public spaces, and proximity to the historical centre of the city rather than choosing neighbourhoods simply based on the social or economic challenges they currently face.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

Implementation of Kaunas city's integrated territorial development programme will be managed by the Kaunas City Municipal Administration under its current capacity. No new bodies are planned to be established to implement the strategy, but local action groups for both target neighbourhoods were created during the strategy-design process and are in charge of implementing local action strategies under the CLLD approach as part of the entire strategy. In terms of implementation, the strategy could be considered as a set of separate projects that will be implemented under the typical requirements for ESIF-financed projects. In the strategy-design process, local authorities took primary responsibility for the process; however, at the implementation level, it acts more like any other beneficiary responsible for projects and reports to the national-level bodies in charge of OP management. On the other hand, the Kaunas City Municipal Administration will have more tasks related to balancing all the projects and implementing them in the right timeframe. All planned investments, even though financed under different measures, are interrelated in space and affect each other. For instance, the sewerage system should be improved before road improvement, etc. Thus, the management of scheduled investments will require additional skills and capacity from local authorities. The Kaunas City Municipal Administration will also be responsible for strategy monitoring, which will be under the scrutiny of the Ministry of the Interior as well.

The strategy includes a list of the projects to be financed. Many of the projects were included in other Kaunas city strategic documents, so they were not completely new ideas. Formally, Kaunas City Municipal Administration was responsible for tasks relating to the selection of operations as it is required under ERDF regulation Article 7. However, taking into account that local authorities were not designated as intermediate bodies, each project was determined only after intensive consultations with the intermediate bodies responsible for ESIF in related fields. Together with the strategy, selected projects were officially approved by local, regional, and national authorities. However, this does not mean that the listed projects will immediately be funded. For each project, documentation needs to be prepared based on the OP requirements and related documents, which will be assessed, and agreement with beneficiaries will be signed by national-level bodies in charge of OP management.

Special implementation arrangements

The strategy includes projects to improve the energy efficiency of public buildings and private apartment buildings, which will be financed via financial instruments. A national-level institution will be in charge of the loan instrument. This institution has experience using financial instruments in other OP measures. Urban-level administration will be provided with main requirements and support in terms of documentation preparation and project implementation, which will be financed through the financial instruments.

The strategy uses CLLD as a delivery mechanism. Through CLLD, two local action strategies for the target neighbourhoods of Aleksotas and Zaliakalnis will be implemented. However, the total budget for the Kaunas city strategy does not include allocations for the implementation of these local action strategies. Funds for implementing local action strategies are determined outside the strategy even though funds will be allocated under the OP in line with all the other projects covered by the strategy.

Local action groups were established in 2015. The timeframe for the establishment of formal organisations and the completion of the local action strategies was fairly short. Thus, even though officially having equal rights and responsibilities with the partners, local authorities became involved in the facilitation process more actively, e.g. proposing the list of potential partners for the local action group or sometimes even making a final

decision on the action group's composition. It led to the timeous completion of the tasks, but it cast some doubts on the local action strategy's ownership.

Under the CLLD mechanism, projects addressing challenges linked to social exclusion will be financed. ESIF allocations for local action strategies were defined in June 2015; and thereafter the implementation of the strategies is seen as the main challenge. Local action groups do not have any experience in project selection and administration. It is expected to form appropriate teams for the management of local action strategies, since the total strategy budget includes funds for daily administration. However, a lack of lasting organisational structure and experience may increase the risk of instability and jeopardise the local action strategy implementation process.

Implementation progress

Strategy implementation began in the second half of 2016. At the moment, the Kaunas City Municipal Administration is mainly working on preparing project documentation and coordinating with national-level authorities in charge of related ESIF allocations.

Evaluation

The Ministry of the Interior is planning to commission an evaluation of the territorial approach in the OP for 2014–20. This evaluation will cover all ITI strategies designed in Lithuania for 2014–20 and should provide more general findings. The evaluation is planned to be concluded in 2016–17; thus, it can be considered a mid-term evaluation. An ex-post evaluation may be commissioned later by the Ministry of the Interior. A specific evaluation of Kaunas city exclusively has not been planned yet.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The intensive involvement of the community in the strategy-design process was a new and challenging task. Urban-level authorities responsible for strategy design had to manage multiple relationships while simultaneously developing strategy content. Moreover, the participation of community members and other community organisations meant that in many instances, emphasis was placed on very particular details in one project rather than on a strategic approach to neighbourhood development. Again, this required time and human resources. At the same time, because of the time shortage and lack of experience, the consultation process was to a certain extent limited to the dissemination of the local authorities' decisions. This may cause a situation where local communities lack a sense of ownership, even though they are part of the strategy and generally accept all the investments planned. However, now that the strategy-design stage is over, it can be concluded that community involvement helped to form a better strategy.

The Kaunas City Municipal Administration faced more challenges than expected in terms of coordinating separate projects and funding them with multiple national-level institutions. There are no separate governance structures for ITI implementation in Lithuania. This means that even though ITI strategies define ESIF investments for particular areas, when it comes to funding each particular project, the Kaunas City Municipal Administration must follow the same administrative procedures as with any other non-competitive public project funded by ESIF under the same OP measures. Thus, urban-level authorities have to coordinate each project under the strategy with different OP management authorities and are dependent on national-level authorities' timing.

To sum up, the strategy-design process is considered successful, and an integrated approach seems to work well in terms of urban investment planning. However, the choice to use the current OP management system to implement the strategy may cause some unexpected issues in terms of timely project funding and efficient implementation of the entire strategy.

Strategy fiche – Liepaja, Latvia

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Existed but slightly adapted
Size of town/city	50,000 - 100,000 inhabitants

Liepaja is the third-largest city in Latvia and the largest in the Kurzeme Planning Region with approximately 72,000 inhabitants. Liepaja is located in Latvia's south-west, on the western coast of the Baltic Sea. Latvia's third-largest non-freezing seaport is located in Liepaja. The city has well-developed infrastructure in its harbor, railway, roads and airport. The main business sectors are manufacturing industry, retail, transport and communications, and construction. The unemployment rate in Liepaja at the end of 2015 was 11.6 percent (8.7 percent in Latvia). GDP per capita in 2015 in the Kurzeme Planning Region, which includes Liepaja City, was €8,487 (Central Statistical Bureau of Latvia, 2016).

Targeted areas

In accordance with the Liepaja City Development Programme 2015-2020 (LCDP), 17 ITI projects target different areas of the city focusing on industrial areas and degraded areas, with an emphasis on the revitalisation of territories in Karaosta, where the concentration of degraded territories is greater, and northern part of the city, where coastal erosion risks have been identified. In addition, the LCDP addresses interaction with eight neighbouring rural regions and five cities, which are functionally related and cooperate closely with Liepaja.

Challenges and objectives

The objectives of the LCDP are based on the Liepaja City Long-Term Development Strategy 2030, which tackles economic, demographic, social, environmental and climate-change challenges, as well as the interaction between city and rural areas. These challenges are addressed by the LCDP Investment Plan, which includes 17 ITI projects focusing on: the promotion of entrepreneurship and increasing employment by improving infrastructure; increasing energy efficiency by renovating public buildings and increasing use of renewables; improving the learning environment in educational establishments; creating a favourable environment to promote childcare; integrating handicapped persons, etc. Coordinated measures related to the above-mentioned objectives will be targeted by ITI projects.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF			3c	4c		6e			9a	10a	

Rationale and added value of the strategy

The LCDP is designed according to the legislative framework of the Republic of Latvia and decisions of the Liepaja City Council, as well as taking into account EU, national, regional

and local-level planning documents and requirements. It is based on sustainable territorial development plans of Latvia, which put a special focus on nine national and international significance centres (cities), which include Liepaja. The LCDP is the main planning document through which Liepaja city targets its development objectives by implementing particular actions and investment projects during 2015-2020. It is partially a continuation of the previous medium-term planning document – Liepaja City Socioeconomic Development Programme 2008-2014.

Implementation mechanisms

The ITI method will be used to deal with development challenges and solutions corresponding to sustainable urban development (SUD) in the framework of ERDF Article 7 supporting priorities set by the Partnership Agreement and the Operational Programme (OP) 'Growth and Investment 2014-2020'.

According to the Regulations of the Cabinet of Ministers No. 125 from 10.03.2015, the territory receiving EMFF support also includes Liepaja City, which is a part of the Liepaja Region Partnership (LRP) established in the framework of Community-Led Local Development (CLLD) support. Representatives of Liepaja municipality participated in the preparation of the LRP CLLD strategy. However, CLLD activities are separated from the ITI strategy. The selection of ITI projects/areas of the LCDP Action and Investment Plans was based on the priorities set out by existing planning documents of Liepaja, as well as by regulations and objectives specified in the OP.

Funding arrangements

The amount of funding for implementing the ITI strategy is €39,276,816.59 (€33,248,756 from ERDF; €6,028,060.59 from local and state budgets). The ESIF financing for ITI is fully provided by ERDF in the form of repayable and non-repayable grants.

Type fund	Name fund	Amount
ESIF	ERDF	€33,248,756.00
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Local and state budgets	€6,028,060.59
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Used (ERDF)	€20,134,573.00
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Used (ERDF)	€13,114,183.00

The ITI funding is a part of the LCDP Investment Plan, which is revised on an annual basis by Liepaja municipality. The investment plan includes planned investment projects, ongoing investment projects and other projects planned for 2015-2020. Some of the projects included in the investment plan have indicated possible sources of funding that still needs to be attracted. According to the current version of the investment plan adopted on 15 August 2016, the ITI funding constitutes around 6 percent of all expected investment during 2015-2020.

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The same approach was used for all nine eligible cities in Latvia. ITI projects are included as a separate package in their investment plans. ITI projects are targeting similar priorities as other investment projects, and in this respect they complement the implementation of overall socioeconomic priorities. However, the main objective of ITI projects is focused towards promoting entrepreneurship and increasing employment. The integrated territorial investment approach was chosen as an implementation mechanism, taking into account that ITI is directly related to local-level planning documentation and the development needs of Liepaja, which are reflected by investment projects included in the LCDP. The ITI approach is more elastic and allows support for a wider scope of sectors than in a case of targeting specific priority areas for urban investment. Also, ITI provides the necessary preconditions for creating greater added value from investment. In the context of the OP, a more elastic ITI approach allows changes to be made in the financial division between Specific Support Objectives (SSOs) or groups of local governments within an SSO without changing the OP, which is a more time-consuming process.

The Liepaja City Council Development Department is directly responsible for the design of the Liepaja City Development Programme 2015-2020 (LCDP), which includes the investment plan and ITI. The design of the LCDP is based on Liepaja City Council Decree No. 52 from 16 February 2012. In this respect, the overall design process was led by Liepaja City Council (LCC). Stakeholders were involved in the planning and design processes from the very beginning through working groups, as well as public consultations and discussions. Target groups/stakeholders were chosen with the objective of ensuring wide participation of society in the planning process. They included representatives of education establishments, inhabitants from all districts of the city, entrepreneurs from different sectors, NGOs, the port and Special Economic Zone, sports and health experts, culture and tourism organisations, social and employment organisations, communal services' providers, committees of the LCC, the Trilateral Consultative Council, the Council of Directors, the Representation of Liepaja in Riga, neighbouring municipalities and Kurzeme Planning Region. Inhabitants of Liepaja were also able to express their opinion on a specially created website.

The LCDP and its targets are based on the coordination of opinions of experts, academics, entrepreneurs, NGOs and inhabitants. At the same time, they are based on the principle of continuity and evaluation of the Liepaja City Socioeconomic Development Programme 2008-2014. The LCDP was approved by decision of the LCC on 22 January 2015, including all related attachments, such as the action plan and investment plan including ITI projects, as well as final redactions of the Liepaja City Sustainable Development Strategy 2030 and Environmental Report. The action and investment plans are revised at least once a year.

Before approval by the LCC, ITI project ideas were sent to the Regional Development Coordination Council for evaluation and approval for inclusion in the investment plan. The selection of ITI project ideas was based on priorities set out by the LCDP and other planning documents, as well as regulations and objectives set by the OP. The administrative organisation and experience played the most important role in the set-up and implementation of strategies.

Consultation process

The involvement of stakeholders and society at large commenced at the very beginning by organising working groups and collecting information before starting the design process. The second stage of stakeholder involvement was during the public consultations and discussions on the first draft of the strategy. Liepaja City Council (LCC) made a significant investment in the active involvement of society in the planning process of the LCDP, providing an opportunity for every inhabitant to express his/her opinion. For this purpose,

LCC Development Department implemented pre-planning or methodology workshops to design the overall planning process and methodology, as well as the objectives and tasks to reach expected results.

The objective of the consultation process was to involve as many inhabitants as possible in the planning and design processes. Different groups of stakeholders involving experts, academics, entrepreneurs, NGOs and inhabitants participated in the consultation activities. The consultation process helped to gather different opinions and ideas, which were integrated in the LCDP. For this purpose, the LCC organised public consultation events involving 240 inhabitants through 21 thematic working groups and nine workshops during nine weeks in the summer of 2012. During eight workshops, 177 development trends, 103 action targets, 25 strategic objectives, 113 actions and 181 project ideas were identified. The final workshop was organised for decision-makers – the management of LCC, members of the city council and sectoral experts – to identify future development scenarios for Liepaja, define the development focus, and identify priorities for the investment plan. In addition, one workshop was organised for the media. Public consultations to discuss the first redaction of the LCDP were conducted in 2014 and lasted for six weeks. Information on public consultations was published in the media, as well as on the LCC portal. Local residents were able to present their proposals and comment in written form, as well as orally during public discussions. The final redaction of the LCDP is freely available online), as well as accessible in printed format at the LCC.

Links to domestic pre-existing strategies

Liepaja has extensive experience in developing and implementing urban development strategies. The LCDP is based on the highest national-level planning documents: the long-term planning document 'Latvia's Long-Term Development Strategy 2030' and the medium-term development planning document 'National Development Plan 2020'. In addition, medium-term policy documents developed by sectoral ministries are taken into account, especially the Regional Development Guidelines 2013-2019. Also, the LCDP takes account of the long-term planning document for the Kurzeme Region 'Territorial Plan of the Kurzeme Planning Region 2006-2026', as well as the development objectives of the neighbouring regions of Nica and Grobina.

The LCDP is partially a continuation of a previous medium-term planning document – the Liepaja City Socio-economic Development Programme 2008-2014. The new strategy targets medium-term priority objectives, but it is not based on planning the development of the particular sectors in the previous strategy, except three of particular importance, based on: the Energy Action Plan of Liepaja City; the Concept for the Development of Liepaja Resort 2014-2020; and the Concept for the Development of the Education Sector of Liepaja City 2015-2020. The new strategy is more focused on the promotion of entrepreneurship and employment, whereas previously it was mainly focused on infrastructure development. In addition, the new strategy brings added value through structured public consultation processes with experts, academics, entrepreneurs, NGOs and inhabitants (public consultations were also organised during the design process of a previous strategy). There are also changes in structure of the new strategy, including ITI projects. Both strategies contain action and investment plans indicating EU funds as one of the main sources of financing. The new strategy is more detailed, focusing on four development directions and nine policies based on particular actions, which means that policies have not been divided up by sectors and have a more integrative approach than previously.

Measuring the effectiveness and added value of the strategy

The results of the LCDP will be measured by the following indicators: (i) development indicators – the most important indicators characterising socioeconomic developments in Liepaja to measure whether objectives' result indicators are achieved; (ii) policy result indicators – measuring policy efficiency in implementing the development programme, these indicators will be determined for policies related to particular actions; and (iii) result indicators of activities – will be determined for sub-actions or activities defined by

municipality institutions preparing annual action plans. These indicators will measure the efficiency of the municipality administration related to the implementation of the development programme.

ITI projects have to correspond to particular result indicators, which are based on the OP and indicators set by the Cabinet of Ministers regulations. Result indicators for ITI projects are approved by the Regional Coordination Council.

Therefore, the added value of the strategy and of each ITI project will be measured according to the LCDP targets and OP result indicators. The effectiveness of the strategy with respect to domestic and European policy, as well as its contribution to European objectives, will also be measured.

Key challenges

There have been challenges in integrating ITI in the LCDP, as such an approach has not been used before. The conditions of implementation, objectives and administrative procedures are different from the previous planning period. Also, this has been a learning process for people working in the municipality. The rules and regulations of EU, national and local levels had to be taken into account during the design process and considered according to the priorities of the programme implementation approach.

Establishing ITI projects with higher added value has been challenging, especially in areas related to energy efficiency, where Liepaja has already realised high energy-efficiency targets.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

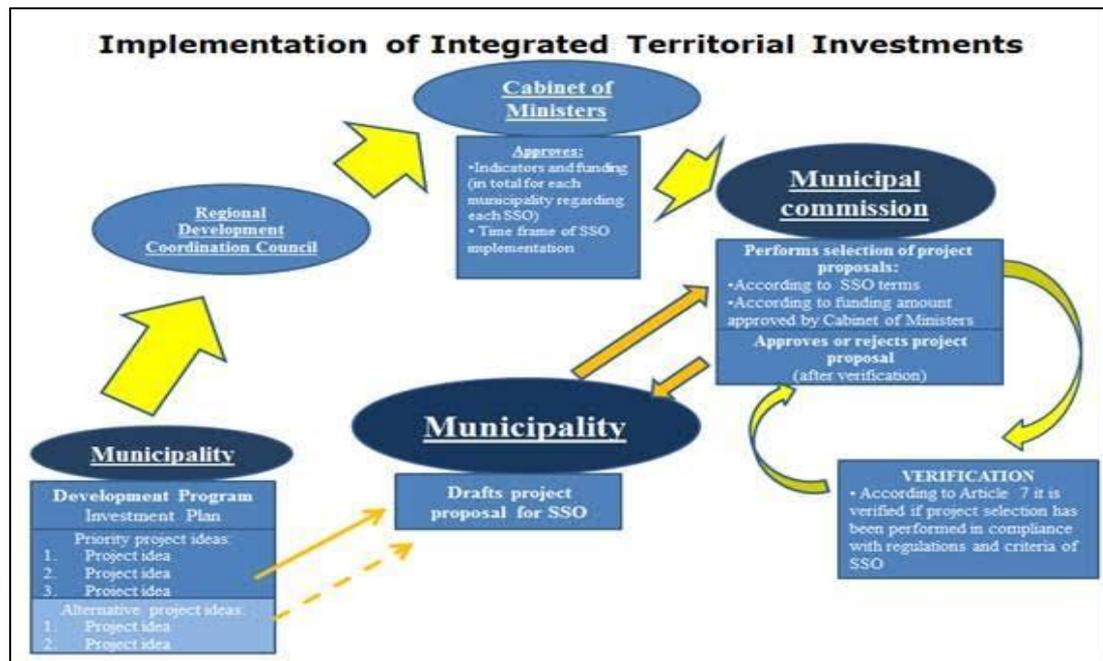
The Ministry of Finance is the managing authority (MA), responsible for the overall implementation of the OP including ITI. With regard to the implementation of ITI, the MA has signed Delegation Agreements on the selection of ITI projects with urban authorities. According to the Delegation Agreement, the MA approve the internal procedures for selecting ITI project applications by urban authorities and monitors it through participation in the Municipal Commission as an observer. All ITI project applications are submitted to the MA for verification before the final approval by the Municipal Commission. The MA also controls the establishment and work of the Municipal Commission.

Urban authorities are responsible for ITI project selection and approval corresponding to the Delegation Agreement signed between urban authorities and the Ministry of Finance. The Delegation Agreement on the selection of ITI project applications was signed between the MA and Liepaja City Council (the urban authority) on 16 November 2015. According to the Liepaja City Council is responsible for selecting ITI project applications according to SSO of the OP. The LCC is also responsible for risk management. According to the Delegation Agreement, the urban authority is responsible for designing the Regulations for Selection of Applications taking into account particular Specific Support Objectives (SSO) of the OP, and submitting them for approval to the MA, as well as the ministry responsible for the implementation of a respective SSO. Before taking a final decision on approval or rejection of the ITI project application, and issuing a conclusion on the implementation of provisions, the municipality must submit documentation to the MA to verify that project selection has been performed in compliance with regulations and the criteria of SSOs.

Liepaja City Council Development Department is responsible for the overall management, implementation, monitoring and evaluation of the LCDP. The Development Department is responsible for coordination and reporting on the overall progress of implementation. Municipal institutions, such as the LCC Development Department, Education Department, and others according to their competencies are responsible for implementing the action plan. Every action and investment project has been assigned to a municipal or another institution such as the Liepaja Energy company for example, to be responsible for its

implementation and results. The action plan and investment plan are revised at least once per annum.

The urban authority has also established the Municipal Commission, which performs selection and approval (rejection) of project proposals. The urban authority must submit to the MA: a decree or decision on establishing the municipal commission for the evaluation of project applications, as well as CVs of its members; all documentation on which the decision-making is based; a conclusion approved by the municipal commission on the results of the evaluation of project applications and prepared decisions; and conclusions on the implementation of provisions. The MA can also perform on-the-spot checks at the LCC offices. No project applications can be approved without MA verification. The final approval is performed by the Chairman of the Municipal Commission (see diagram below).



The Municipal Commission (MC) of the Liepaja City involves members of the municipality (approximately 60 percent), and representatives of the Ministry for Environmental Protection and Regional Development, the Ministry of Economics and the Ministry of Welfare. The ministries participate in meetings of the MC (with voting rights) depending on their responsibilities in relation to particular SSOs. Representatives of the MA participate in MC meetings as observers. Independent experts can also be invited to participate in MC meetings. The ITI implementation differs from other programmes, taking into account that the selection criteria depend on SSO-specific targets. In addition, the selection criteria for projects under different SSOs are different.

The monitoring process is conducted by regular and systemic controlling of results by verifying if indicators are being achieved as planned. Information obtained during the monitoring process serves as a basis for performing the evaluation of the development programme implementation. For constant monitoring of implementation, the LCC has established a database, which includes monitoring indicators for actions and sub-actions. At the beginning of each year, responsible municipal institutions prepare and submit reports on implemented actions, sub-actions and monitoring indicators. Reports are revised by relevant committees of the LCC and then submitted to the Development Department, which prepares annual monitoring reports and submits them to members of the LCC. Monitoring reports are also published on the LCC homepage.

Special implementation arrangements

Financial instruments are not being used as part of the strategy implementation arrangements. Repayable grants have been planned for projects under SSO 3.3.1 and SSO 5.6.2. This mechanism is being used in cases when the applicant cannot reach the target

values of a result indicator. In such cases, the applicant has to repay the ERDF funding proportionally to the value of the proportionally lowest result indicator.

Community-Led Local Development (CLLD) is not used as a part of the strategy, and no reference is made to CLLD in the LCDP, as CLLD will not be used in the urban context. The Liepaja Region CLLD strategy makes reference to the LCDP and the OP, stressing the importance of innovative solutions for Liepaja's rural enterprises, including enterprises involved in the fisheries and aquaculture sectors, as well as promotion of the knowledge and creative economy, tourism and recreation, cultural heritage, and development of the port and related infrastructure, which in this respect has some synergy with objectives mentioned in the Rural Development Programme and the CLLD Action Plan.

Implementation progress

The selection of ITI projects started on October 2016 by launching the first call for projects under SSO 3.3.1. The implementation has started late, because the issue of regulations was delayed. The consultation process was too long and has been challenging for starting the implementation process. Another challenge for the municipality is to decide how to apply state aid regulations correctly for each type of project.

Evaluation

The annual monitoring report of implementing the LCDP is submitted to members of the LCC and published on the webpage. Based on the progress achieved, the local government budget allocations for implementing the action plan and investment plan are updated at least once a year. The three-year monitoring report analyses and reflects the achievement of targets of the LCDP and long-term development strategy by evaluating the results of activities and policies against development indicators. The next three-year report will be prepared and published at the beginning of 2017 – before the next municipal elections.

At the MA level, the ITI evaluation will be performed similarly to evaluations of the contribution of other EU funds, taking into account the requirements of the EU regulations and following the plan for the evaluation of EU funds during the 2014-20 planning period. The selected approach for the evaluation of ITI projects is thematic evaluation according to investment priorities / thematic objectives. Taking into account that the ITI approach concerns several investment priorities / thematic objectives, there will be separate evaluations to define added value and efficiency of investment in the most effective manner. It is expected that good practice in ITI implementation will be a part of the evaluation. Particular aspects of evaluations will be agreed by the Consultative Evaluation Working Group. Most likely, the ITI evaluation will take place after the end of ITI implementation.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The good practice in implementing the strategy in Liepaja is related to the involvement of stakeholders and inhabitants in the planning and design processes. In the case of Liepaja, this commenced at the very beginning of the process and resulted in the active participation of society, as well as structured dialogue with stakeholders. For this purpose, a special methodology was worked out by the LCC to design an overall planning process and methodology, as well as objectives and tasks to reach the expected results. Therefore, all groups of society were involved in the discussion and planning process, providing added value for the city's development programme and implementation strategy.

The ITI implementation is a learning process for Liepaja municipality, as well as the other actors involved, taking into account that this is a new approach to urban development. Conditions of implementation, objectives and administrative procedures are different from the previous planning period, which requires a different administrative approach. The ITI implementation in Liepaja is just starting, and the implementation process and responsibilities of institutions have just been defined. Nevertheless, will be possible to identify additional good practices and lessons learned at the end of this process.

Strategy fiche - The Hague, Netherlands

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	More Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Existed but slightly adapted
Size of town/city	500,000 – 1,000,000 inhabitants

The Hague is one of four large cities in the Netherlands. The city has a population of 520,000, is situated on the North Sea coast, and is the capital of the province of South Holland. It is also the city of government and the seat of Parliament, and it is a preferred location for many international governmental organisations.

Targeted areas

In The Hague, the ITI strategy is embedded in The Hague Implementation Programme (*Haags Utivoeringsprogramma*, HUP). The HUP covers an urban and regional allocation. The urban allocation is implemented through an ITI and is part of the Netherlands' sustainable urban development requirements (Article 7 ERDF). The ITI strategy targets six neighbourhoods (Scheveningen, Haagse Hout, Centrum, Escamp, Laak, de Brinckhorst and stationbuurt). These areas are considered of strategic importance and either provide opportunities for economic growth or are areas for urban regeneration.

Challenges and objectives

The ITI strategy targets a broad range of objectives in relation to innovation, the low-carbon economy and improving the business climate and job opportunities. One of the main objectives of ITI is to address the paradox that economic growth and the development of the knowledge economy is likely to increase socio-economic differences between groups in the city.

The following ESIF investment priorities are supported:

Thematic Objective	T01	T02	T03	T04	T05	T06	T07	T08	T09	T010	T011
ERDF	1a, 1b							8b			
ESF								8i			

Rationale and added value of the strategy

The use of ITI is for a large part a continuation of the approach taken in 2007-13, in which four cities in the Netherlands received a global grant. However, ITI has strengthened territorial targeting in The Hague. The HUP consists of a long-term structural economic development strategy based on high skills, innovation, and internationalism. The ITI strategy also presents an opportunity to integrate ESF and ERDF funding at the programme level.

Implementation mechanisms

The ITI strategy is implemented using grants and, potentially, financial instruments. The ex-ante assessment for a financial instrument (FI) is currently being carried out. If an FI is introduced, this will likely be an addition to the already existing FI for Space and Economy (FRED). In the HUP, the harbour and beach areas of Scheveningen are identified as key strategic locations and regarded as potential drivers for growth and employment opportunities in the city. These areas will be supported with the introduction of CLLD.

Funding arrangements

The total funding for the regional and urban element in the HUP is €22.6 million. The ITI strategy receives €10.3 million, combining funding from three priority axes in the ERDF Operational Programme West (strengthening research, technological development and innovation; promoting employment and supporting labour mobility; and promoting social inclusion and combating poverty). €5.1 million in ESF funding is also available for ITI. Although EMFF funding is not directly available as part of the ITI strategy, The Hague is looking to establish synergies between the funds. In total, co-financing is 50 percent. CLLD receives €431,118 of ERDF funding as well as €429,000 of co-financing from the local authority and €480,000 from other parties. The private sector funding relates to CLLD. The overall contribution from the private sector to the ITI strategy will be much greater, but the figure is not yet known.

Type fund	Name fund	Amount
ESIF	ERDF	€ 10,251,741
	ESF	€ 5,160,265
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Central government co-financing	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Used	<i>Unclear</i>
Repayable grants	Not considered	
Community-Led Local Development	Used	€ 431,118
Private sector	Not considered	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

Each of the four eligible cities in the Netherlands has produced an urban implementation programme that provides a link between the Operational Programme and local development strategies. The drafting process in The Hague was undertaken internally and involved public officials from departments at the local level. The implementation programmes for all four cities were drafted in a standardised format and involved extensive exchanges of information between the cities. Subject to all conditions set by the MA being met, the HUP was adopted by the Mayor and Municipal Executive on 15 April 2015.

One of the key factors that had to be taken into account during the drafting process was that a certain level of flexibility needed to be maintained for implementation. This applied both to geographical targeting and to thematic focus. Initially, The Hague had planned to implement the ITI strategy across the whole of the city's territory. However, feedback from the Commission stipulated that the ITI strategy should be more geographically focused and target specific neighbourhoods.

Consultation process

The consultation process for the HUP involved several dimensions. First, public officials responsible for economic development, social affairs and sustainability (the main priority areas of the ITI strategy) in The Hague city administration played an important role in providing their views on the programme. Public officials within the urban authority were also involved in identifying areas with the highest level of unemployment but also areas with the greatest opportunities in terms of economic growth. Second, each of the members of the Urban Advisory Group – which has a broad social composition (see below) – were interviewed in order to identify the most important opportunities for The Hague. Third, as the strategy was approved by the Mayor and Municipal Executive, their political views also played a role in shaping the strategy.

Links to domestic and pre-existing strategies

The HUP is partially informed by the Economic Vision for the city, which was adopted in 2012. However, although the targeted areas that have been selected do not represent an already existing territorial focus in domestic policy, in practice it is likely that these areas are the main areas where policy efforts are concentrated. The use of ITI is to a large extent a continuation of the approach that was taken in the 2007-13 period, during which each of the G4 cities, including The Hague, already had their own implementation programme. On the one hand, the introduction of the ITI approach has strengthened the territorial targeting in the cities, which did not occur as part of the city programmes in 2007-13. On the other hand, the introduction of JESSICA financial instruments in urban areas had already led to increased territorial targeting. Thematically, the priorities and focus of the city programmes has changed and are narrower when compared to the previous period.

Measuring the effectiveness and added value of the strategy

The HUP does not include separate indicators; instead, the indicators for each of the priority axes at the programme level are used. As the projects have to contribute to the programme indicators, the overall contribution to the objectives in the OP is ensured. Part of the decision not to use separate indicators is that the use of output indicators in the 2014-20 period is new, and there is a desire not to overburden projects with indicators.

There are some more general challenges with regard to developing indicators that can measure effectiveness in terms of outcomes and added value of the ITI strategy in isolation from other measures. First, the operations in the ITI strategy target specific neighbourhoods for which data collection is problematic. Second, some of the added value lies in cooperation between ERDF and ESF, but the results of this are difficult to measure. In particular, the ESF has its own governance and measurement framework, which is difficult to integrate with that of the ERDF. In this context, it is important that the softer effects of the ITI approach are not forgotten in monitoring and evaluation. These should also be reported as part of the project results. Therefore, not only should quantitative data be considered when measuring project outcomes, so too should the qualitative narrative of stakeholders involved in the project. Lastly, the scale of funding provided through the ITI strategy is relatively small in comparison to other measures taken in The Hague that cover similar challenges. Consequently, due to the overlapping measures, the input indicators are the most appropriate way to assess project contributions from the ITI strategy, as outputs and results are difficult to disentangle from other measures. However, it is noted that the impact of individual projects can be measured in terms of harder and softer outcomes.

Key challenges

There have been numerous challenges in designing the ITI strategy. First, the integration of ERDF and ESF at the moment only occurs within the ITI strategy, but there are still two funds, two MAs and two selection processes. This means that establishing integrated projects that have much higher potential in terms of added value is challenging. Second, at the start of the design process there were challenges in terms of identifying the geographical scope of the ITI strategy. The urban authority had initially anticipated that the whole city would be eligible. However, considering the philosophy of ITI and the limited funding available, the Commission required a more targeted approach. In The Hague, the ITI strategy covers a limited number of neighbourhoods, as it does in two of the other three ITI strategies. However, in Amsterdam larger areas are covered by the strategy. Third, the design and implementation of the strategy in The Hague tends to involve a relatively high proportion of public officials. In the 2014-20 programme period, the MA has stipulated that public officials must make up fewer than 50 percent of representatives.

The introduction of ITI strategies and the design process has also had important advantages. The rules and regulations that Member States, MAs and urban authorities are required to follow when designing territorial strategies force them to fully analyse and consider priorities under the programme implementation approach.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The Hague has extensive responsibilities in terms of management, implementation, monitoring and financial control of the HUP. Technically, the HUP consists of two parts: a regional programme for which the MA for the West Programme (Rotterdam) is responsible, and a city programme (the ITI strategy) for which the intermediate body in The Hague is responsible. The Hague has enjoyed intermediate body status since 1994 and has extensive responsibilities for implementing the ITI strategy. These responsibilities go beyond project selection and include responsibilities for monitoring and financial management. A formal covenant sets out the responsibilities of the IB in terms of project animation, financial management, and monitoring, which are all largely delegated responsibilities.

The Executive Committee for the ITI strategy is the Advisory Group The Hague, which consists of representatives from a broad range of socio-economic stakeholders, including public officials, representatives from knowledge institutions, SMEs, the chamber of commerce, and employers' organisations (representatives from the MA and national government (Ministry of Economic Affairs)). An important feature of the Urban Advisory Group is that public official representatives must comprise less than 50 percent of its membership. Projects that are implemented as part of the ITI strategy are formally approved by the Mayor and Municipal Executive. The programme implementation is supported by the Programme Secretariat Opportunities for West The Hague.

The selection of projects consists of two stages. Prior to assessment via the formal programme selection criteria, there is a policy test that examines the extent to which projects fit within the Economic Vision for The Hague and other policy areas, as well as the priorities set out in the OP. The policy test is prepared by the programme secretariat and the final decision is taken by the Advisory Group. If the project application covers funding from innovation or low-carbon economy priorities, then it must also be assessed against certain provincial policies. The Advisory Group is responsible for scoring ITI projects based on three of the five programme selection criteria: the extent to which the project fits within the objectives of the Operational Programme; the quality of the application; and the extent to which it contributes to sustainable urban development. These criteria have been developed by the programme with input from all stakeholders, including urban authorities. The assessment of the Advisory Group is presented to the Mayor and Municipal Executive for selection.

Special implementation arrangements

The ITI strategy for The Hague has funding allocations from the ERDF and the ESF. The integration of ERDF and ESF in the ITI strategy is seen as an important development. It is too early to fully understand how effective this approach is, but it does encourage policymakers and project stakeholders to at least think in a more integrated way. The integration at the level of the ITI strategy is considered a first step towards further integration at the project level. It is noted that there are important differences in terms of culture, implementation practices, and types of stakeholders between the funds, which form a significant barrier. However, by combining ERDF and ESF within an ITI strategy, these barriers are bridged both by public administration bodies and stakeholders.

The Hague has built up extensive experience in the implementation of financial instruments in the 2007-13 period. Together with other FIs that are implemented in the Operational West Programme in the Netherlands, it is regarded as a frontrunner in the EU. During the 2007-13 programme period, The Hague developed a foundation called Holding Economic Investment The Hague (HEID), which aims to develop financial instruments to support economic development in the city over the long term. The HEID was developed with support from the European Investment Bank and draws from insights gained in the CIS Europe project (URBACT II programme). There are already several funds, and the structure of the holding fund has been designed to allow upscaling of financial instruments, should this be desirable. This can include upscaling both in terms of ESI funds and domestic funds as well as in the geographical coverage.

Demand for FIs is expected to increase due to the reduction in availability of capital from the private sector as a consequence of the economic crisis, as well as government cutbacks in public budgets. The Hague is, for example, examining the possibility of introducing an FI for SMEs. On the other hand, the number of FIs has increased significantly in recent years, and it is becoming increasingly difficult to demonstrate added value. Furthermore, the thematic focus of the ITI strategy dictates that a large part continues to be made available through grant funding. The potential for recycling the funds is lower.

The decision to implement an FI is taken by the city (Mayor and Municipal Executive). However, the decision is also subject to an ex-ante assessment that examines the demand (market failure) and effectiveness of the proposed FI. The Hague is currently preparing FIs in the context of the ITI strategy, which examines the possibility of extending the Fund for Spatial Economic Development (FRED). This includes an FI for small-scale business accommodation, providing loans to property developers that wish to house small businesses. Around €3.5 million is available, which is co-financed with another €3.5 million. The city and programme are exploring to what extent a new tendering process for a fund manager is necessary or whether the arrangements that were agreed under the 2007-13 period can be automatically extended.

CLLD has been introduced for Scheveningen, an area within The Hague that has a strong identity and active community. It also has been identified as an area that is strategically important for economic growth and job creation. The Local Action Group (LAG) consists of representatives from SMEs, the cultural and sports sector, and residents' groups. The city played the role of a facilitator in the development process. After a consultation with a broad range of stakeholders, a strategy was adopted in 2014. The 2015 *Stichting Initiatief op Scheveningen* strategy consists of a SWOT analysis and a strategy vision that focuses on Scheveningen in terms of recreation, quality of life, and its function as a harbour. The strategy provides a link to other strategic documents (including the HUP) at city level, but it also offers a distinct perspective on the challenges and opportunities in the area. Where appropriate, the CLLD development process drew insights from LEADER experiences in Netherlands.

A foundation (*Stichting initiatief voor Scheveningen*, SIOS) was established in 2015. It is responsible for the management and implementation of the strategy. The foundation relies almost completely on volunteers. The LAG is responsible for the selection of operations, which consist of a technical assessment, a content review, and a public selection (see below). The city authority and MA are not involved in the decision-making process, and

neither do they explicitly monitor the strategy. They do provide advice – particularly in relation to the eligibility of projects in relation to EU regulations – in order to avoid future problems with audit and payments.

The added value of the CLLD approach is the involvement and support for local development projects. The LAG has introduced alternative methods of project selection, involving citizens through online or newspaper-based project selection systems. CLLD has the potential to develop a democratic process that engages citizens in project decision-making, and could potentially bring politics closer to citizens. It also affords citizens an insight into the divergent views in communities (which policymakers and politicians must navigate) and so fosters greater acceptance of project decisions. Furthermore, the possibility exists that CLLD and city council officials might hold different views in terms of development priorities. This should be regarded positively, as it can lead to important discussions about priorities. Second, CLLD can be expected to lead to different projects. The process has brought together people that previously did not always work together. Third, CLLD will lead to projects that are different to those under regular ERDF-funded programmes, particularly as they are much smaller in scale. It was also noted that the delivery of initiatives can be sped up because of CLLD.

The use of CLLD is new and inevitably has a number of challenges. First, funding is relatively small in scale, so its actual impact is limited. Second, the capacity of the LAG is limited. The approach relies heavily on committed volunteers for whom implementation can be complex. Third, the role of public servants and the MA and monitoring committee in the delivery of the strategy is different in that their level of influence and involvement has been reduced. Last, the options available to introduce public voting are either costly (i.e. by an electronic system) or not sufficiently robust (i.e. by providing voting codes in local newspapers).

Implementation progress

The HUP including the ITI strategy operates as an open application format. The experience from 2007-13 is it can be challenging to fully commit to the programme. The ITI strategy is experiencing lower than expected take-up. One explanation for this is that the thematic focus of the ITI strategy, addressing mismatches between skills and labour, has become narrower and also involves a new set of stakeholders in comparison to the 2007-13 period, which is expected to reduce to availability of suitable projects. Furthermore, the threshold for funding (€200,000) is considered too high by some applicants. This is acknowledged by the IB, and it is looking for ways to allow the submission of smaller project applications.

Evaluation

There will be no specific evaluation for The Hague. The ITI will be evaluated as part of the MA's mid-term evaluation. It is currently considered to be too early to evaluate the ITI, because implementation has not yet started.

2.3 GOOD PRACTICE AND LESSONS LEARNED

There are a number of lessons that can be learned from the ITI approach in The Hague:

- The introduction of the ITI approach has led to more territorial targeting. It has also encouraged policymakers at the urban level as well as project stakeholders to think about their strategy and projects in a different way.
- Integration between ESF and ERDF in the ITI strategy is considered to be limited, but the instrument does provide a framework through which increased synergies can be achieved.
- The introduction of CLLD has led to innovative ways of involving the public in project selection; however, it also requires cultural changes and changes in the working practices of public officials.
- There are important opportunities to introduce financial instruments, but in the context of the specific focus of the ITI strategy there are also limitations and competition from already existing instruments.

- There is a high level of trust between the MA and the IB, which is based on a long-standing practice of delegating responsibilities for animation, management, implementation and monitoring to the city level.

Strategy fiche – Elblag, Poland

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Non-SUD urban ITI
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2020
Is the strategy new?	Existed but substantially adapted
Size of region	100,000 - 250,000 inhabitants

The Elblag Functional Urban Area (FUA) is located in the Warminsko-Mazurskie region, in North-East Poland. It is partially bordered by the Baltic Sea. In 2013, the area was populated by 206,000 inhabitants, which constitutes around 14 percent of the region's population. In the past, one of the major problems in the Elblag FUA was a high rate of unemployment (17 percent in 2004, though this was below the Polish average of 19.5 percent). Recently, there has been a positive trend in employment across the country, including Elblag, and in 2012 the rate dropped to 11 percent in the FUA (Polish average 12.8 percent). The main sectors of the FUA's economy are tourism, the furniture industry and the food industry. A recent economic model based on smart specialisation includes the industrial machines industry and ICT, developed around the technology park in Elk. A notable feature is that 40 percent of the territory is legally protected due to its environmental value.



Targeted areas

The Elblag ITI is one of six non-SUD ITIs in Poland, which in Warminsko-Mazurskie are called 'ITI-bis'. The strategy covers the territory of five municipalities: the City of Elblag, Elblag, Milejewo, Mlynary, and Tolkmicko. Initially, the Elblag Functional Area was formed by 18 local authorities, which in 2014 signed a partnership agreement. However, after the regional MA prepared a regional model of ITI, a new FUA delimitation was conducted on the basis of a diagnosis of functional links in the Warminsko-Mazurskie region. As a result, the Elblag ITI-bis was limited to the five municipalities mentioned above.

Challenges and objectives

The strategy identifies diverse development challenges: progressive processes of depopulation and aging, an unfavourable situation in the labour market, growing social problems, a low level of social capital, the outflow of the population to other centres, a low level of entrepreneurship, insufficient cooperation between business and science, an insufficient number of highly qualified staff including engineers in relation to market needs, and unused research potential of universities operating in the FUA. The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2c		4c	5a, 5b	6a, 6c		8a	9a	10a	
ESF								8i, 8ii, 8iii	9i, 9iv	10i	

To address the challenges, the strategy formulates five main objectives: (i) creating a high-quality system of transport; (ii) increasing the quality of environmental protection infrastructure and the knowledge of associated threats; (iii) improving prosperity through the use of knowledge and new technologies; (iv) increasing activity and social inclusion; and (v) constructing a common image of the FUA. Moreover, the strategy includes dedicated implementation instruments for each of the objectives.

Rationale and added value of the strategy

The Elblag ITI-bis is one of two non-SUD ITIs in Warminsko-Mazurskie. The regional MA created its own model of ITI implementation, with the main ITI in the regional capital city FUA, and two more in sub-regionally important FUAs. They were delimited by the MA on the basis of the analysis of functional links in the region, which indicated two strong sub-regional cities. In Poland, the national level decided that the ITI instrument should be implemented in the most important urban areas in the country. In the Warminsko-Mazurskie region, the analysis showed that there is more than one important city and Elblag is one of them; that is why the MA decided to implement ITI in Elblag. Moreover, the municipalities of the Elblag FUA had already started cooperating in 2012, and this provided the foundations to implement ITI. However, due to the low administrative capacity of local authorities, the MA decided that the two sub-regional ITIs would not have their own IBs. Instead, all the responsibilities connected to ITI implementation are managed by the MA. In this context, it should be noted that the ROP will support projects put forward under the Elblag ITI strategy, although there will be no Article 7 IB for them, and funding will come from the ROP rather than from the national allocation under Article 7 (ERDF).

Implementation mechanisms

The implementation mechanism used in the Elblag Functional Area is non-SUD ITI. The ITI is embedded in the Warminsko-Mazurskie ROP. All the projects are financed by grants from the ROP, and they are selected in a competitive procedure conducted by the regional MA in Olsztyn. The main contribution comes from the regional operational programme. National programmes have not been mentioned specifically as a part of the strategy's budget, but there are some complementary projects funded from the Infrastructure and Environments National Programme and the Eastern Poland Programme. Similar to all ITIs in Poland, the main fund used for the instrument implementation is ERDF, the other is the ESF.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 26,502,472
	ESF	€ 10,373,965
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Local and national funds	€ 8,944,416
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The strategy was officially approved in January 2016, after a long process of design, consultation, and multiple updates. The issue of inter-municipal cooperation in the Elbląg FUA had already occurred in December 2012, as a part of the Development Strategy of the City of Elbląg 2020+. In 2013, the city of Elbląg invited various stakeholders from public, private, non-governmental and academic sectors to meet several times and to discuss the priorities of the FUA development. As a result, they formed an agreement of cooperation, which built a foundation for the future strategy. The process of strategy design was coordinated by the Geoprofit Company, which had had experience in strategic development consulting in the Warmińsko-Mazurskie region. It is important to note that ITI is only a part of a broader strategy for the FUA. This is the result of multiple changes in the delimitation of the Elbląg ITI. Initially, the Elbląg FUA Partnership Agreement was signed by 18 local authorities, while the final ITI-bis covers only five municipalities.

Consultation process

The strategy project was subject to consultation in summer 2015. The consultation process involved gathering public opinions about the strategy electronically and during two public meetings. There were not many participants – only two persons submitted their opinion online, and in total 19 people took part in both meetings. The number of collected remarks was very limited; however, unlike the majority of Polish strategies, the final document explicitly lists all of the notes accompanied by comments saying if the remark was accepted or not and why. The main changes in the strategy after the consultation process were a broadening of the SWOT analysis, adding a new priority connected to new technologies, and correcting a few editorial errors.

Links to domestic pre-existing strategies

The strategy notes its links with: EU-wide development strategies (e.g. European strategy for smart, sustainable and inclusive growth, 'Europe 2020'), national strategies (e.g. National Development Strategy 2020, National Strategy for Regional Development 2010-2020), and regional strategies (e.g. Strategy for Socio-Economic Development of Warmińsko-Mazurskie 2025).

Measuring the effectiveness and added value of the strategy

Monitoring the strategy implementation is exclusively based on broader arrangements for the ROP. Output and result indicators used for monitoring are drawn from the ROP and transferred to the ITI-bis. It is responsible for achieving a proportion of the target set for ROP indicators, agreed between the MA and the ITI Office in January 2016, according to the funding involved relative to the ROP as a whole.

The added value of ITI-bis is seen as substantial by the MA and the local ITI Office. The key impact in this respect is specifically more strategic allocation on investments on road infrastructure (it was decided to use the ROP funds on roads exclusively in the ITI FUAS), and building inter-municipality cooperation structures. More generally, the main ITI role is in changing approaches to territorial governance in the region and in Poland as a whole. Poland has three levels of sub-national public administration – regional, district and local – but there are no robust domestic frameworks to encourage partnership and integrated approaches across these tiers in order to cover functional areas. ITI creates this framework and incentivises an integrated approach to territorial governance that facilitates coverage of such areas. This process has started in the Elbląg ITI-bis, where city and local authorities need to work together on the ITI, and to use this cooperation for the development of the whole area. It is worth noting that, before signing the FUA partnership agreement in 2014, the municipalities did not contact each other. Currently, thanks to ITI-bis cooperation, they

meet frequently. Such an interaction would probably not happen without the ITI framework and the associated incentives.

Key challenges

One of the main challenges was to launch inter-municipal cooperation in the FUA. The ITI Office acknowledges that gathering the needs of investments from all the partnering municipalities was not an easy task, and negotiating on which of them would be recognised as of strategic importance for the whole area was even harder. Establishing cooperation rules between the ITI Office and the MA was also challenging, but both sides agree that in the majority of cases the relationship works well. Currently, both ITIs-bis in Warmińsko Mazurskie are slower in strategy implementation than the capital city ITI. The Elbląg ITI Office assesses the greatest challenge in the near future to be finding applicants to prepare proposals for project calls and dealing with the high accumulation of project assessments. Moreover, the ITI strategy will need to be updated due to new guidelines from the Polish Government, in accordance with its recently published national Strategy for Responsible Development.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

In Poland, the delivery tasks for territorial provisions are shared between the ROP managing authorities (based in the Marshal Offices of elected regional governments) and intermediate bodies (IBs). However, in the case of ITI-bis there is no IB at the local level. The MA decided to manage the strategy implementation on its own, due to limited administrative capacity in sub-regional cities.

At the urban level, there is only the ITI Office, which is a part of the City Office in Elbląg, and which has been created on the basis of the inter-municipal agreement of the ITI-bis partners. The office has mainly advisory and operational functions. For example, it participates in the strategic assessment of projects, allocating 50 percentage points of the criteria for compliance with the strategy (while the MA assesses another 50 percent of the strategic criteria and 100 percent of formal and merit criteria). The ITI Office also recommends the schedule of project calls to the MA and conducts the monitoring of the strategy.

Special implementation arrangements

The Elbląg ITI-bis has no plans to use financial instruments and will not use CLLD. The ITI strategy brings together ROP measures supported by the ERDF and the ESF (as the ROP is joint-funded), although projects will obviously be funded separately. The projects funded from the ERDF will be within the following priorities: 4e, 7b, 9a, 9b. The projects funded from ESF will be within priorities 10i and 10iv.

Implementation progress

Currently, implementation of the Elbląg ITI-bis is slower than the capital city ITI in Warmińsko-Mazurskie. However, it should be noted that the ITI Office was established in early 2016 and it had limited time for building the necessary administrative capacity. Nevertheless, the first project calls have been announced and in some cases the process of project assessment has started. In early 2017, several new project calls, project assessments and contracting are planned. As a result, the greatest current challenge is the high accumulation of processes that need to be managed at the same time by an ITI Office with limited experience.

An important aspect is also the chosen mode of project selection. Basically, in developing more integrated or complex projects, there were two possibilities. More strategic or complex projects can be pre-selected at the programme level or developed through a negotiation process or by grouping projects. In allocating substantial funding to such projects, programme authorities can improve their control over the course of the

programme to a certain extent. They can also ensure the inclusion of certain actor groups in the programming process or the coherent targeting of overarching development issues. Open, competitive call systems can help to target groups of potential beneficiaries, raise awareness for a certain initiative, introduce elements of competition to incentivise or mobilise beneficiaries to produce quality applications in a timely manner. The Elbląg ITI-bis follows the Commission's and the ministry's guidelines and uses only the competitive mode.

Evaluation

Monitoring of the strategy is to be conducted by the ITI Office, according to the ROP guidelines. Every year, a monitoring report needs to be presented to the MA and Steering Committee of the ITI-bis Partnership Agreement. Monitoring has not started, as projects have not yet been realised. The evaluation of the Elbląg ITI-bis has not been planned. The strategy mentions only the possibility of conducting an external evaluation, but there will not be any within the ROP system.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The inter-municipal cooperation within Elbląg ITI-bis is perceived as a promising initiative, and its continuation after 2020 is being considered by the MA and ITI-bis partners. Key to this will be the assessment of how integrated and strategic the projects realised are.

Among the main lessons learned, there are some capacity-building effects. The main aim of the ITI is to provide a framework and incentive for local authorities to work together strategically and to plan together. This is a new and important process for local authorities. Previously, the tendency was to think only of their own areas, e.g. the costs of public transport in specific territories. Now there is discussion on more strategic interest in the broader territory.

With regard to possible improvements, not much can be said, as the implementation process has only recently started, and projects are not yet realised. The only suggestions regarded the excessive bureaucracy connected to ITI implementation. An example would be the need to provide a written opinion for multiple changes in the strategy after every update by the ITI-bis, or after receiving guidelines from the national level.

Strategy fiche – Lublin, Poland

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	500,000 – 1,000,000 inhabitants

The Lublin Functional Urban Area (FUA) is located in the Lubelskie Region, in the east of Poland. The area covers 1,582km², and in 2013 it had 545,237 inhabitants. The unemployment rate in Lublin in 2013 was 10.1 percent (in Poland, 13.4 percent), and currently the trend is upwards. The main sectors of the FUA's economy are agriculture and industry. Within this, the most important are the traditional industries of brewing and distilling, the dairy and meat industry, and the machine industry. A notable feature is that 73 percent of the FUA's territory is covered by working farmlands.



Targeted areas

The Lublin ITI is one of 17 FUAs in Poland located around regional capitals. The strategy covers 16 municipalities: Lublin, Glusk, Jablonna, Jastkow, Konopnica, Lubartow Gmina, Lubartow Miasto, Melgiew, Niedrzwica Duza, Niemce, Piaski, Spiczyn, Strzyzewice, Swidnik, Wolka, and Naleczow. The majority of the partners were selected on the basis of national delimitation criteria of functional urban areas. The administrative and typological criteria enabled the creation of a list of indicators to be fulfilled by the municipalities partnering in the ITI. Some other criteria were used for Naleczow, which was involved due to other important functional links with the regional capital city.

Challenges and objectives

The strategy identifies diverse development challenges. For example: negative demographic trends, insufficient adjustment of educational infrastructure to the spatial development processes, insufficient adaptation of vocational education to the needs of employers and the labour market, high unemployment rate among graduates of vocational schools and people aged under 30 years old, growing social welfare and health needs of different age groups, incoherent development of the labour market, low level of human capital, and insufficient support for people planning to start a business. To address these challenges, the strategy formulates three main objectives: (i) raising the level and accessibility of education, labour market, social inclusion and innovation; (ii) improvement of transport mobility, carbon efficiency, preservation and promotion of natural heritage; and (iii) sustainable development through spatial and social revitalisation. So far, the key objectives of the ITI have turned out to be supporting mobility and a low-carbon public transport system, as well as effective revitalisation in the FUA.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2c	3a	4e		6d	7b		9b		
ESF				4i, 4ii, 4iii, 4iv, 4v, 4vi				8i, 8ii, 8iii, 8iv, 8v	9i, 9iv, 9v	10i, 10ii, 10iii	

Rationale of the strategy

The Polish Government decided that ITI would be implemented in the functional areas of regional capital cities, and the Lublin ITI is one of them. In addition to the required ITI, Lubelskie created its own model of implementing the instrument in the region. The model consists of four non-SUD ITI strategies in smaller, but sub-regionally important functional urban areas (Biala Podlaska, Chelm, Pulawy and Zamosc). However, it is worth highlighting that only the Lublin ITI has its own IB and is financed from the national allocation under Article 7, while all the non-SUD ITIs are managed by the regional MA and financed from the ROP.

Implementation mechanisms

The implementation mechanism used in the Lublin FUA is ITI. The ITI is embedded in the Lubelskie ROP. Projects financed by grants from the ROP are selected mostly in a non-competitive procedure coordinated by the intermediate body in Lublin. The main contribution comes from the Regional Operational Programme. National programmes have not been mentioned specifically as a part of the strategy's budget, but there are some complementary projects funded from the Infrastructure and Environments National Programme and the Eastern Poland Programme. Similarly to all ITIs in Poland, the main fund used for the instrument implementation is the ERDF, the other is the ESF.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 93,330,393
	ESF	€ 12,075,539
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Local and national funds	€18,601,046.83
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The ITI strategy was officially approved in March 2016, after a long process of design and consultation. The process was led by the city of Lublin and supported by the regional MA. It officially started in 2014, when 16 municipalities signed an agreement of cooperation within the FUA. The agreement was renewed in 2015 to specify that the focus of cooperation is ITI implementation, and to officially appoint the city of Lublin as the ITI leader, which forms the IB and represents all the partnering municipalities. Consequently, the strategy design was coordinated by the city of Lublin. However, other partnering municipalities played a very important part in the process, actively participating in setting the strategy objectives, as well as data and content preparation.

Consultation process

The draft strategy went through the consultation process in 2015. The strategy highlights the important role of the partnership approach to planning the FUA development and lists a diverse list of stakeholders involved among public, private, academic and non-governmental sectors. The consultation process involved a number of public meetings, as well as gathering public opinions about the strategy electronically and on paper. However, it is not clear what kinds of remarks were collected, and what kinds of changes were made to the strategy as a result of the consultation process.

Links to domestic pre-existing strategies

The strategy notes its links with an exceptionally high number of strategic documents. Among the EU-wide development strategies, there is a connection with the European strategy for smart, sustainable and inclusive growth 'Europe 2020' and the European Code of Conduct for Partnership within the Framework of the European Structural and Investment Funds. As for national strategies, the Lublin ITI Strategy notes concrete links to: the National Development Strategy 2020, the National Regional Development Strategy 2010-2020, the Strategic Plan for Adaptation Sectors and Areas Vulnerable to Climate Change by 2020 with the prospect of 2030, the National Urban Policy, and the Strategy for Socio-Economic Development of Eastern Poland 2020.

Moreover, there are numerous ITI-related regional strategic documents: the Development Strategy for the Lubelskie Region 2014-2020 (with the prospect of 2030), the Social Policy Strategy of the Lubelskie Region 2014-2020, the Regional Programme for Urban Development and Regeneration of the Lubelskie Region, the Regional Spatial Development Plan, the Plan for the Development of the Road Network of the Lubelskie Region 2012-2020, and the Plan for Sustainable Development of Public Transport in the Lubelskie Region. The greatest number of links has been identified in relation to local-level strategic documents: the Lublin Development Strategy 2013-2020 and strategies of all the other partnering municipalities.

Measuring the effectiveness and added value of the strategy

Monitoring and evaluation of the ITI is based on broader arrangements for the ROP. Output and result indicators used for monitoring are drawn from the ROP and transferred to the ITI. The ITI is responsible for achieving a proportion of the target set for ROP indicators, agreed between the MA and the ITI IB in March 2016, according to the funding involved relative to the ROP as a whole.

The added value of ITI is seen as substantial by the MA, the ITI Office and the ITI partners. The key impact in this respect is the ITI's role in changing approaches to territorial governance in the region and in Poland as a whole. Poland has three levels of sub-national public administration – regional, district and local – but there are no robust domestic

frameworks to encourage partnership and integrated approaches across these tiers in order to cover functional areas. ITI creates this framework and incentivises an integrated approach to territorial governance that facilitates coverage of such areas.

This process is very clear in the Lublin FUA, where city and local authorities are working together on the ITI and are trying to use this cooperation for the development of the whole area. It is worth noting that before signing the agreement in 2014, neither the mayors nor the operational civil servants of the Lublin FUA municipalities were in contact with each other. Currently, thanks to a special model of ITI cooperation which includes an operational ITI coordinator in every partnering municipality, they are in contact on a daily basis, while the mayors meet at least once a month to discuss more strategic issues. Such a close interaction would not have happened without the ITI framework and the associated incentives. This process has also increased the knowledge and awareness of the role and importance of strategic and integrated programming. The standard of strategic planning for development has increased and local authorities have become much more involved in Cohesion Policy implementation (as opposed to acting only as beneficiaries). Thus, there is a clear process of local-level capacity-building underway.

Key challenges

The greatest challenge during strategy design was to prepare a diagnosis of socio-economic characteristics of the FUA. Due to the lack of former activities in the whole area, there was no coherent database, and it was necessary to deal with a substantial amount of statistical data covering numerous municipalities, collected in a different scope and format. Another challenge was ensuring the strategic choice of non-competitive projects to be realised from the ITI funds. Obviously, each of the FUA partners had particular interests, needs and expectations, and local authorities in Poland are still in the process of learning how to develop strategic thinking about the whole functional area. However, after conducting the area's diagnosis and long inter-municipal negotiations, the list of key projects was chosen, and there is a relative consensus that they will substantially support the area's strategic development. Moreover, administrative capacity challenges are substantial, as the Lublin ITI Office was only launched in March 2016. Here, it is worth highlighting that the only experience that the partnering municipalities had with managing the EU funds were as beneficiaries of individual projects and one joint project in the 2007-13 period. To ensure appropriate capacity, the IB and the regional MA built a very good relationship and cooperate with each other on a daily basis.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

In Poland, the delivery tasks for territorial provisions are shared between the ROP managing authorities (based in the Marshal Offices of elected regional governments) and intermediate bodies (IBs).

For the IBs, central government guidance stipulated two options: to form an association of municipalities; or to reach a formal agreement or contract between municipalities. The second option is often used by municipalities that have limited experience of working together, and the Lublin ITI also opted for this model. An agreement on cooperation within the Lublin FUA was signed by 16 municipalities in 2014 and updated in 2015. The leader of the ITI is the city of Lublin, which formed an IB and represents the whole FUA. The MA and ITI Office underline that this model works well in the Lublin case, as it is less formalised and, due to the relatively simple institutional architecture, performs more efficiently.

In terms of the distribution of responsibilities for ITI implementation, the MA chose to go with a limited form of delegation of responsibilities to the IB. This decision was based on awareness of the limited capacities in the new ITI IB. Thus, the overall process is officially led by the MA, but at the same time it is in constant contact with the IB, which is responsible for coordinating the cooperation among ITI partners. The IB's greatest task is to gather documentation and prepare the pre-contracts of non-competitive projects, which are

signed by the MA, the only mode for implementing ERDF projects in the Lublin ITI. The final contracts will be signed by the MA and beneficiaries. Moreover, the IB will also be conducting frequent monitoring of the strategy implementation. Due to capacity concerns, the MA uses Technical Assistance from the national TA OP to place 10 officials in the Lublin ITI Office. For ESF projects, a competitive procedure is used: the MA and the IB agree a timetable of project calls, project applications are assessed formally by the MA on the basis of formal and meritocratic selection criteria agreed with the IB. The IB then carries out an assessment of strategic quality in relation to the ITI strategy. A list of projects selected for funding is then agreed between the MA and the IB.

Special implementation arrangements

As in the rest of Poland, the Lublin ITI has no plans to use financial instruments and will not use CLLD. The ITI strategy brings together ROP measures supported by the ERDF and the ESF (as the ROP is joint-funded), although projects will obviously be funded separately. The projects funded from the ERDF will be within the following priorities: 2c, 4e, 6d, 7b, 9b. The projects funded from the ESF will be within these priorities: 8i, 8iii, 8v, 8iv, 9i, 9iv, 9v 10i and 10iii.

Implementation progress

Currently, By the end of 2016, implementation of the Lublin ITI is slower than most other ITIs in Poland. The first pre-contracts were signed in late 2016, and the majority of them are planned for the beginning of 2017. Preparing non-competitive projects in inter-municipality partnership takes some time, but this was to be expected as the process is new. As a result, the greatest challenge is to manage the differences in the speed of project documentation preparation by numerous municipalities. A more general challenge is to keep up with the deadlines for reaching particular stages of implementation, which are expected by the Polish Government.

In terms of implementation, the chosen mode of project selection is significant. Basically, in developing more integrated or complex projects, there were two possibilities. More strategic or complex projects can be pre-selected at the programme level or developed through a negotiation process or by grouping projects. In allocating substantial funding to such projects, programme authorities can improve their control over the course of the programme to a certain extent. They can also ensure the inclusion of certain actor groups in the programming process or the coherent targeting of overarching development issues. Open, competitive call systems can help to target groups of potential beneficiaries, raise awareness for a certain initiative, and introduce elements of competition to incentivise or mobilise beneficiaries to produce quality applications in a timely manner. The Lublin ITI chose to go only for the non-competitive mode for ERDF. On the one hand, both the MA and the ITI Office highlight that, thanks to this mode, the projects are more coherent with the objectives of the strategy and support the FUA's development, and they are more consensual among partners. On the other hand, they acknowledge that choosing this mode is probably the main reason for slower implementation, but they claim that it is worth it, due to the fact that high-quality projects often require lengthy negotiations and preparations.

Evaluation

Monitoring of the strategy will be conducted by the IB and it is planned to start after the first projects are implemented. It will take the form of data collection, but also monitoring visits to FUA municipalities regarding particular projects (during and after their realisation). ITI evaluation will be part of ROP evaluation, and for this reason it will be coordinated by the MA. Within this, the IB will need to report necessary information to the MA. There are no concrete plans regarding the timing of the first ITI evaluation in Lubelskie.

2.3 GOOD PRACTICE AND LESSONS LEARNED

ITIs are perceived as definitely worth continuing after 2020. Both the MA and the IB are very satisfied with the model that they have chosen for ITI implementation. They highlight

the role of municipal operational coordinators in ensuring true partnership and coordination of realised ITI projects. To achieve this, special training and integrating activities were organised. However, the partnership mechanism concerns every FUA municipality apart from the capital city of Lublin, which realises projects on its own.

Among the main lessons learned, there are broad capacity-building effects. Both the MA and the IB also highlight the very effective cooperation between them. It seems that in this way they are slowly building administrative capacity to manage EU funds at the urban level. More generally, the ITI also provides a framework and incentive for local authorities to work together strategically and to plan together. This is a new and important process for local authorities. Previously, the tendency was to think only of their own areas, e.g. the costs of public transport in specific territories. Now there is more strategic interest in the broader territory and a clear will to coordinate ITI and non-ITI projects realised in different municipalities of the FUA.

With regard to possible improvements, not much can be said, as the implementation process has only recently started, and projects are not yet realised. Nevertheless, some suggestions can be pointed out. The Lublin ITI Office suggests that in the next period the model of ITI implementation should be more standardised, gathering good practices from different FUAs to ensure a similar added value in all the EU countries. The MA suggests that it takes time and practice to achieve strategic thinking and create truly integrated and impactful projects in the FUA, but the ITI is a very good starting point. Moreover, the Lublin ITI's representatives highlight that the Urban Development Network is a very good way to exchange experiences with ITIs from other EU countries.

Strategy fiche – Katowice (Central Sub-region), Poland

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2020
Is the strategy new?	Existed but substantially adapted
Size of town/city	1,000,000 - 5,000,000 inhabitants

The Central Sub-region is situated in the Polish region of Śląskie. It is the largest conurbation of major cities in Poland and one of the largest in the European Union. It covers 5,600 square kilometres and has 2.86 million inhabitants, including the regional capital, Katowice. The territory was formerly dominated by heavy industry and mining. A process of transition from a centrally planned to a market economy has been underway since the 1990s, and statistical data on the development of the region such as the accumulation of research centres, innovation, investment and income per capita show good performance relative to the national levels. However, strong sub-regional socio-economic disparities in the region and demographic processes of population-ageing and outmigration have been identified as increasingly prominent challenges to development.

Targeted areas

In Poland, 17 so-called 'national ITIs' funded from the national allocation under Article 7 (ERDF) are based on regional capital cities and areas that have functional ties with them. The Polish Government has set socio-economic criteria to delimit urban functional areas around regional capitals to receive earmarked funding. The Katowice Central Sub-region brings together 81 local authorities, including districts and municipalities. The Central Sub-region territory is divided into five sub-regions at NUTS 3 level, grouped around the main cities: Bytom, Gliwice, Katowice, Sosnowiec and Tychy.

Challenges and objectives

The ITI strategy sets out a list of challenges, several of which stem from the territory's heavy industrial heritage and the process of socio-economic restructuring: the adaptation of firms to the changing market situation; degraded land and neighbourhoods in post-industrial centres; demographic challenges, including ageing, decline of the working age population, increased incidence of lifestyle diseases, and lack of financial resources to enable the use of high-quality health services; territorial concentration of social exclusion in post-industrial districts and in city centres; strong territorial differences in unemployment, both in terms of volume and structure; low energy efficiency and environmental pollution; wastewater management; and public transport provision. In response, two strategic aims have been set, with associated priorities and measures:

Aim	1. Development of human capital based on employability and socio-economic cohesion			
Priorities	The economy and jobs		Social activation and addressing exclusion	
Measures	Economic functions in degraded areas	Equal opportunities of entry and return to the labour market	Adaptive skills of workers and entrepreneurs	Local development potentials and areas of revitalisation

Aim	2. A healthy living environment, thanks to the diminishment of human pressures on the environment		
Priorities	Environmental protection and energy efficiency	Protecting natural resources	
Measures	Access to natural heritage	Balanced	Measures

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF			3a	4a, 4c, 4e		6a, 6b, 6d			9a, 9b	10a	
ESF				4v, 4vi				8i, 8iii, 8iv, 8v, 8vi	9i, 9iv	10i, 10ii, 10iii, 10iv	

Rationale and added value of the strategy

The ITI builds on experience from the 2007-13 programme period, where the Śląskie ROP included four sub-regional platforms: Central, South, North and West. Each sub-region developed partnership arrangements involving local self-governments at NUTS 4 and NUTS 5 levels. In this context, it should be noted that the ROP will support projects put forward under three other sub-regional strategies (South, North and West), although there will be no Article 7 IB for them, and funding will come from the ROP rather than from the national allocation under Article 7 (ERDF).

Implementation mechanisms

The ITI is embedded in the Śląskie ROP, which is funded by ERDF and ESF. Projects financed by grants from the ROP are selected in a competitive procedure conducted jointly by the MA and the Association of Municipalities and Districts of the Central Subregion, which is the intermediate body (IB) for Central Sub-region ITI. It should also be noted that complementary projects for ITI are funded in the national OP Infrastructure and Environment. These are large projects covering the fields of low-carbon public transport and the protection of air quality by securing low emissions, selected on a non-competitive procedure and listed in the Annex to the ITI strategy.

Funding arrangements

Śląskie receives the largest share of funding under the ITI heading in Poland, due to the size of urban area and population in the Central Sub-region. Combining the Central Sub-region ITI and the other three sub-regional 'regional' ITI, total funding amounts to around €1.1 billion, including around €972 million from ERDF and €136 million from ESF. This represents around 32 percent of the total ROP funding. Total funding for the ITI Central Sub-region is around €793 million. Resources from Poland's national ITI 'envelope' are €484 million (ERDF €421.7 million, ESF €62.3 million) and additional sources from the ROP (€271 million ERDF, €37.7 million ESF). Funds from the OP Environment and Infrastructure for complementary projects for ITI are also identified in the strategy: €241 million for lowering emissions and €194 million for public transport systems.

Type fund	Name fund	Amount
ESIF	ERDF	€ 693 million
	ESF	€ 100 million
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Local, regional and national funds	
Other (e.g. EIB)	-	

'Specific' implementation arrangements

Type	Used / being considered / not considered	Amount
Financial instruments	<i>Unclear</i>	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

In Śląskie, the process of developing the ITI strategy started early in comparison to other ITIs in Poland. This was due to the region's experience with sub-regional plans in the ROP 2007-13. Work on the ITIs began in 2012. The MA initiated the process by setting general objectives, based on ROP plans, and organising a series of workshops and meetings with the relevant city and local authorities and other stakeholders. The city and local authorities then drafted strategies. These built on the strategies created for the sub-regional platforms in the 2007-13 period but took into account new conditions and requirements in the regulations. For the Central Sub-region ITI, this involved coordinating inputs from 81 partners, all of whom had to agree on the content. This was subsequently reviewed, revised and approved by the MA and the Ministry for Economic Development in terms of its coherence with the ROP. The Ministry in particular was keen to ensure that ITI was closely integrated into the ROP, to the extent that it came closer to being a classic 'sub-programme' of the ROP rather than a distinct strategy in itself. The city and local authorities involved in developing the strategy were also constrained by some Commission regulations, notably those related to thematic concentration and the ineligibility of certain types of intervention. On the one hand, they were required to include low-carbon-related interventions of which they had little experience. On the other hand, they were keen to invest in local infrastructure development, especially road and recreational infrastructure, but this was not allowed.

Consultation process

There were six different drafts of the ITI strategy as it passed through the different stages of consultation and assessment, involving stakeholders, the MA and central government. It is important to note the input of NGOs and social groups in developing the ITI. The Association office (acting on behalf of the Association of Municipalities and Districts of the Central Subregion) received important, detailed information, for example concerning revitalisation problems and priorities for integrated public transport, and these inputs had a significant impact in informing and strengthening the strategy. Inevitably, the pace of development of the ITI strategy relied on the broader drafting and negotiation of the ROP. For instance, maintaining momentum on the process was complicated after the ROP was submitted to the Commission in April 2014 and the MA's partners in the ITI waited for key

decisions. Nevertheless, the process of developing ITI strategies was deemed by the MA to be fast in the region compared to elsewhere in Poland.

Links to domestic pre-existing strategies

The strategy notes its links with: national regional development strategies (the long-term National Development Strategy 'Poland 2030'; the National Development Strategy 2020; the National Strategy for Regional Development; the National Spatial Development Concept 2030); national sectoral strategies (e.g. Urban Policy); and regional strategies (Śląskie Regional Development Strategy, Regional Transport Plan, Conservation Strategy, Air Protection Programme, Waste Management Plan).

Measuring the effectiveness and added value of the strategy

Monitoring and evaluation of the ITI is based on broader monitoring and evaluation arrangements for the ROP. There are also specific ITI-related 'strategic' indicators, linked to each priority and measure and aiming to measure effectiveness in the specific territory covered by the ITI (e.g. percentage of the population covered by ITI). This has produced a large indicator set. A key objective of the ITI is to support the shift to low-carbon economy in all fields but especially in public transport. It should be possible to measure the effectiveness of this, especially as members of the association have some experience of these types of projects in their own areas.

The added value of ITI is seen as substantial by the MA and the IB. The key impact in this respect is its role in changing approaches to territorial governance in the region and in Poland as a whole. Poland has three levels of sub-national public administration – regional, district and local – but there are no robust domestic frameworks to encourage partnership and integrated approaches across these tiers in order to cover functional areas. ITI creates this framework and incentivises an integrated approach to territorial governance that facilitates coverage of such areas. This process is very clear in Śląskie, where city and local authorities are working together on ITI and are indeed pushing for domestic regulations and structures to be put in place to ensure that these arrangements become permanent. The ITI is the basis for the work of associations covering functional areas. These associations meet at least two times per month, and such interaction would not happen without the ITI framework and the associated incentives. This process has also increased the knowledge and awareness of the role and importance of strategic programming. The standard of strategic planning for development has been raised, and local authorities have become much more involved in Cohesion policy implementation (as opposed to acting only as beneficiaries).

Key challenges

For the MA, regulations and guidance from the European Commission and from the Polish Ministry of Economic Development were challenging to follow in developing the ITI, as they differed from the approach taken to sub-regional platforms in the 2007-13 period. Notably, the requirement to recognise the association of city and local authorities as an intermediate body was new. This required a stronger process of delegation (under Article 7) than in 2007-13, when the sub-regional platforms were sub-programmes within the ROP. Other management challenges relate to capacity. Local authorities are facing challenges in developing integrated project ideas. Although sub-regional platforms were in place in 2007-13, they were based on local authorities producing individual project ideas. In terms of project selection, initially the ITI association assumed that calls would be organised in its office, but in practice the MA of the ROP has responsibility for organising calls and collecting applications. This is understandable given capacity constraints in the IB: these projects are complicated, the ITI has a substantial budget, and the IB has limited administrative resources in terms of experience and tools (e.g. IT systems). Nevertheless, the IB sees the possibility of assuming more tasks as experience and capacity builds. There are a number of discussions and joint decision-making processes underway, but developing genuinely integrated project plans remains a challenge. Local authorities are still coming to terms with their role as part of the implementing system, through the ITI IB, rather than purely as a beneficiary. The need for IBs to undergo official processes of designation

and control is new and challenging for some partners, although these processes have progressed well so far.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

In Poland, the delivery tasks for territorial provisions are shared between the ROP managing authorities (based in the Marshal Offices of elected regional governments) and intermediate bodies (IBs). For the IBs, central government guidance stipulated two options: to form an association of municipalities; or to reach a formal agreement or contract between municipalities. Some smaller municipalities that have limited experience of working together have opted for formal agreements, but some larger municipalities where there is already experience of similar initiatives have opted for the association model. In Śląskie, the Central Sub-region uses the second option. The Association of Municipalities and Districts was established in October 2013, representing 81 local authorities (districts and municipalities).

In terms of project selection, as in the rest of Poland, responsibilities for management and implementation are shared between the MA and the IB. This decision was based on awareness of the limited capacities in the new ITI IBs, particularly given the large scale of funding involved. The overall process is led by the MA. Calls for projects are organised by the MA with the IB consulted on the document. The formal assessment for eligibility of project proposals is conducted by the MA. The meritocratic element is shared between the MA and the IB: the first part of the meritocratic assessment relates to the coherence between the project and the ITI strategy, and this is assessed by the IB; the second part deals with specific issues related to a particular theme (e.g. energy efficiency), and these are assessed by an expert appointed by the MA (each part has 50 percent weighting). The overall scoring decides where the project falls on the ranking list. This is a very long and administratively challenging process. Due to capacity concerns, the MA uses Technical Assistance from the national TA OP to place 10 officials in the Central Sub-region ITI IB. There is less TA funding available in the ROP, and thus the MA has placed only three officials in each of the 'regional ITIs' to facilitate implementation.

Setting the selection criteria for ITI projects was very challenging. Questions were raised with the Commission on how the process should be organised and what the criteria should be. All projects, including those under ITI, are governed by ROP selection criteria. However, there are additional criteria for ITI concerning coherence with the ITI strategy that are new and completely different from the rest. In Śląskie, the MA decided to keep these coherence criteria general, referring to the ITI strategy as a whole and assessing the level of compliance with broad strategic objectives, the level of contribution to achieving indicators, the level of complementarities with the programme, experience of partners in implementing specific types of interventions, etc. These criteria were set by the MA in cooperation with the local authorities in a dedicated working group. The MA decided to use competitive project calls for all of the ITI. The appraisal process can be quite lengthy (sometimes up to one year), and there is a risk that applicants may change their mind and pursue other plans in the meantime, for instance drawing more on their own funding or other non-EU sources. Generally, however, the quality of applications is good, and this applies not just to members of the association but to NGOs and other social interests that have been actively targeted by the association to animate project applications and ideas. The IB has produced guidance and organised meetings to raise awareness of the potential benefits for stakeholders. The IB is responsible for financial management, monitoring and reporting progress. Output and result indicators used for monitoring are drawn from the ROP and transferred to the ITI. ITI is responsible for achieving a proportion of the target set for ROP indicators, agreed between the MA and the ITI IB in March 2015, according to the funding involved relative to the ROP as a whole.

Special implementation arrangements

The Central Sub-region ITI has no plans to use financial instruments and will not use CLLD. The ITI strategy brings together ROP measures supported by ERDF and ESF (as the ROP is joint-funded). This increases the scope for integration between funds in the strategy. However, it should be noted that this integration does not take place at project level, as the ROP priorities are divided between those funded by ERDF and those supported by ESF.

Implementation progress

For the Central Sub-region ITI, the process is well underway, in line with broader ROP implementation. The first call for ITI project proposals was launched in June 2015, which was the second call in the ROP as a whole. As of November 2016, there have been 24 calls for projects under the Central Sub-region ITI. No substantial challenges have been encountered thus far. The first assessment of project applications took some time, but this was to be expected as the process was new. Progress in implementation is mainly due to the region's decision on the mode of project selection. Basically, in developing more integrated or complex projects, there were two choices. More strategic or complex projects can be pre-selected at the programme level or developed through a negotiation process or by grouping projects. In allocating substantial funding to such projects, programme authorities can improve their control over the course of the programme to a certain extent. They can also ensure the inclusion of certain actor groups in the programming process or the coherent targeting of overarching development issues. Open, competitive call systems can help to target groups of potential beneficiaries, raise awareness for a certain initiative, or introduce elements of competition to incentivise or mobilise beneficiaries to produce quality applications in a timely manner. The region decided to have 100 percent of ITI projects in competitive mode, and this has ensured the efficient launch and implementation of the ITI thus far. Other Polish regions have included non-competitive approaches in ITI project selection, and this has caused delays in implementation. There are challenges in coordinating call timetables to make sure that they are complementary under strategic headings, but having the competition mode also allows the MA to closely monitor ITI implementation and obtain a view on progress.

The IB anticipated that around 40 percent of the total ITI funding available would be allocated to projects by the end of 2016. Many of these projects are likely to cost less than budgeted for in applications, and there is likely to be surplus budget, going beyond the plans set out in the strategy. The IB may therefore look to support extra projects. This could mean raising the level of ITI targets for some indicators (e.g. under low-carbon economy). Overall, the implementation of the ITI has started well. However, there have been some delays to specific parts of the strategy, usually related to delays in government strategies, programmes or procedures and the 'knock-on' effect on some parts of ITI.

Evaluation

Evaluation and monitoring are the responsibility of the ITI IB, and they are reported to the MA. The IB is planning to organise its own evaluation of ITI in 2018 or 2019. It plans to approach a local university or other institute for this task. It is also worth noting that a major evaluation of the use of ITI in the ROP was launched in the second half of 2017. In terms of measuring impact, beyond reporting against ROP indicators under ITI, it is very challenging to capture 'softer' elements. It may be inevitable that some important benefits will only become evident in the longer term.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The delegation of tasks to sub-regional authorities has been instrumental in raising awareness of the role of integrated strategic planning, building responsibility for Cohesion policy implementation tasks in a broader range of partners, and boosting administrative capacity. The ITI experience is raising awareness of the importance of territorial governance arrangements that cover functional areas such as metropolitan areas, and it is playing a part in growing calls for permanent arrangements for this type of governance to be established in Poland. Thus, there are clear capacity-building effects. ITI association members meet twice a year to discuss and review the strategy, and this maintains a strategic overview and provides a platform for strategic discussions among the local authorities. Moreover, when local authorities prepare project applications, they can draw on experience from other beneficiaries and stakeholders. This exchange of information on 'what works' strengthens capacity and improves the quality of project applications. However, there is a need for more clarity and flexibility in the rules and guidelines for implementation produced by the Commission, including on how to plan integrated projects. Softer governance approaches may be appropriate in ITI, with the Commission clearly setting the main objectives to be pursued and member states developing their own implementation approaches tailored to their specific contexts.

An important lesson is that work on IT IS should begin very early in the programme preparation stage, and local and city authorities should be involved in this from the very beginning. The competitive mode of project selection is also suitable for ITI, and this should be discussed more – the non-competitive modes cause too many delays. A disadvantage, which relates to current Cohesion policy but is particularly related to ITI, is the narrow scope of possible intervention, conditioned by the use of thematic objectives and thematic concentration. If the aim is to develop a strong territorial dimension in Cohesion policy interventions, tailored to specific areas, there should be more flexibility to invest under different combinations of headings. It is important to look not just to members of the association for project proposals. NGOs and other social interests can be a source of innovative ideas, and these should be included in IB project animation activities. This is particularly the case, since some local authorities may have limited budgets for the necessary match-funding.

Strategy fiche – Walbrzych, Poland

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	250,000 – 500,000 inhabitants

The Walbrzych Agglomeration is located in the Dolnoslaskie region, in South-West Poland. Its southern part borders the Czech Republic. The area covers 1748 km², of which 18 percent are urban territories. In 2013, it was populated by 415,800 inhabitants. The territory was formerly dominated by mining, and after economic restructuring in the 1990s, it had one of the highest poverty and unemployment rates in Poland. Over the past two decades, these problems have been slowly decreasing, but the rates are still higher than the national average. Currently, mining is still an important industry in the FUA, but it is not the only one. A recent economic model also includes spa tourism in health resorts within the FUA, as well as the automotive and construction industries developed within the Special Economic Zone in Walbrzych.



Targeted areas

The Walbrzych Agglomeration is one of the seven ITIs in Poland that are not located around regional capitals. The strategy covers 22 municipalities: City of Walbrzych, City of Kamienna Góra, Kamienna Góra, Lubawka, City of Nowa Ruda, Nowa Ruda, Swiebodzice, Boguszyce-Gorce, Szczawno-Zdrój, Czarny Bór, Głuszyca, Mieroszów, Walim, Jedlina-Zdrój, Stare Bogaczowice, City of Swidnica, Jaworzyna Śląska, Strzegom, Żarów, Dobromierz, Marcinowice, and Swidnica. They were selected on the basis of a diagnosis of functional links between municipalities in the Dolnoslaskie region as well as the formerly existing structure of the Walbrzych Agglomeration.

Challenges and objectives

The strategy identifies diverse development challenges: a low rate of entrepreneurship, weak attraction of investment, negative birth-rate and rapid aging of the population, the continuing high unemployment rate (especially long-term), unsatisfactory state of educational infrastructure and access to nurseries, low coverage of sewerage network, environmental risks, and insufficient sub-regional tourism development.

The ESIF investment priorities supported are as follows:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF		2c	3a, 3c	4c, 4e		6b, 6c, 6d	7b, 7d		9a, 9b	10a	
ESF								8i, 8iv	9i, 9iv	10i, 10iv	

To address these challenges, the strategy formulates four main objectives: (i) dynamic economy and innovative entrepreneurship; (ii) an attractive environment to live and work; (iii) efficient and effective infrastructure; and (iv) active community. The main idea is to change the economic model of the agglomeration by educating the inhabitants in strategic fields, increasing public transport accessibility, raising entrepreneurship and by developing spa tourism in selected municipalities.

Rationale and added value of the strategy

The Walbrzych Agglomeration is the only intermediate body (IB) in Poland with full responsibility for implementing the whole ITI process. The selection of Walbrzych as an ITI was not automatic, and the process involved intense political lobbying and negotiations by the agglomeration's representatives at the regional and national levels. In the Partnership Agreement in 2014, the Polish Government had only decided that ITI would be obligatorily implemented in the functional areas of regional capital cities. Establishing more ITIs was optional and to be decided by the regional authorities. In addition to the required ITI, Dolnoslaskie created two more ITIs around sub-regionally important FUAs – and the Walbrzych Agglomeration is one of them. In this context, it should be noted that the ROP will exclusively support projects put forward under the Walbrzych ITI strategy, without funding from the national allocation under Article 7 (ERDF). Similarly, the costs of the IB will be covered although there will be no IB for these and funding will come from the ROP allocation, rather than from the national allocation Technical Assistance Operational Programme under Article 7 (ERDF). National sources have been reserved for the ITIs of regional capital cities, while the others are fully funded from ROPPOs.

Implementation mechanisms

The implementation mechanism used in the Walbrzych Agglomeration is ITI. The ITI is embedded in the Dolnośląskie ROP. Projects financed by grants from the ROP are selected mostly in a competitive procedure conducted by the intermediate body in Walbrzych. The non-competitive procedure is used only for projects funding roads and railways. The main contribution comes from the Regional Operational Programme. National programmes have not been mentioned specifically as a part of the strategy's budget, but there are some complementary projects funded from the Infrastructure and Environments National Programme. Similarly to all ITIs in Poland, the main fund used for the instrument implementation is the ERDF, the other is the ESF.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 152,350,000
	ESF	€ 41,250,000
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Local and national funds	€ 44,458,823.53
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The ITI builds on the pre-existing Walbrzych Agglomeration structures, which were originally formed in 2011 by five municipalities. Each year, more local authorities joined the association until the ITI for the Functional Urban Area was eventually established as a 22-municipality agglomeration. The ITI strategy was officially approved in September 2015, after a long process of design and consultation. The document is based on the 'Strategy of the Development of Walbrzych Agglomeration 2013-2020', which was created as part of a project funded by the EU in the 2007-2013 perspective. The process of ITI strategy design was coordinated by the Silesian University in Katowice, which had experience in strategic development consulting for the post-mining areas in Śląskie. The agglomeration utilised its experience in restructuring the similar local-economy model of the Walbrzych FUA. Walbrzych and other partnering municipalities played a very important part in the process had, actively participating in setting the Strategy objectives, as well as data and content preparation.

Consultation process

The draft strategy went through two consultation processes – in 2013 and 2014. This happened because, after the first consultations, seven new municipalities joined the agglomeration, and moreover, the Ministry of Regional Development published new guidelines on ITI implementation. The consultation process involved gathering public opinions about the strategy electronically and on paper. The number of collected remarks was not substantial – 55 in the first set, 23 in the second set. The strategy underlines that all the notes were analysed and some of them were accepted, but it is not clear what kind of changes were made to the strategy as a result of the consultation process.

Links to domestic pre-existing strategies

The strategy notes its links with EU-wide development strategies (e.g. European strategy for smart, sustainable and inclusive growth 'Europe 2020'), national sectoral strategies (e.g. Urban Policy), regional strategies (e.g. Dolnośląskie Regional Development Strategy) and local strategies (e.g. Strategy for the Development of Walbrzych Agglomeration 2013-2020).

Measuring the effectiveness and added value of the strategy

A key objective of the ITI is to support the shift in the socio-economic model, which mainly includes public transport accessibility, entrepreneurship stimulation, education, and revitalisation. Monitoring and evaluation of the ITI is based on broader monitoring and

evaluation arrangements for the ROP. Output and result indicators used for monitoring are drawn from the ROP and transferred to the ITI. The ITI is responsible for achieving a proportion of the target set for ROP indicators, agreed between the MA and the ITI IB in September 2015, according to the funding involved relative to the ROP as a whole. There are also specific ITI-related 'strategic' indicators, linked to each priority and measure and aiming to measure effectiveness in the specific territory covered by the ITI (e.g. percentage of the population covered by the ITI). This has produced a large set of quantitative indicators.

The added value of ITI is seen as substantial by the MA and Agglomeration Partners. The key impact in this respect is the generation of truly integrated and strategic projects, which will effectively support the agglomeration's socio-economic transformation, and which are negotiated among the Agglomeration Partners. More generally, the ITI's main role is in changing approaches to territorial governance in the region and in Poland as a whole. Poland has three levels of sub-national public administration – regional, district and local – but there are no robust domestic frameworks to encourage partnership and integrated approaches across these tiers in order to cover functional areas. ITI creates this framework and incentivises an integrated approach to territorial governance that facilitates coverage of such areas.

This process is very clear in the Walbrzych Agglomeration, where city and local authorities are working together on ITI and are trying to use this cooperation for the development of the whole area. It is worth noting that, before launching the Agglomeration in 2011, neither the mayors nor the operational civil servants of the Walbrzych Agglomeration municipalities were in contact with each other. Currently, partially thanks to ITI cooperation, they are in operational contact on a daily basis, while the mayors meet at least once a month to discuss more strategic issues. Such a close interaction would not have happened without the ITI framework and the associated incentives. This process has also increased the knowledge and awareness of the role and importance of strategic and integrated programming. The standard of strategic planning for development has increased, and local authorities have become much more involved in Cohesion policy implementation (as opposed to acting only as beneficiaries). Thus, a clear process of local-level capacity-building is underway.

Key challenges

The first challenges of the Walbrzych Agglomeration emerged even before preparing the ITI strategy, as negotiations at regional and national levels had to take place to qualify Walbrzych as an ITI. This was successful mainly thanks to the active commitment and lobbying of the agglomeration's leader and partners. It was also important for the leaders to take full responsibility for the IB, in order to build local capacity, ensure decision-making on the local level and choose the most appropriate projects for the agglomeration's development. Consequently, the MA needed to prepare a separate system of cooperation with the Walbrzych ITI, as the set of delegated tasks and responsibilities is different than in the case of the other two regional ITIs. Once accepted as a full ITI IB, the Walbrzych Agglomeration faced all the challenges that the other Polish ITIs do, but possibly even to a higher extent. The administrative capacity challenges are substantial, as the IB needs to implement the strategy throughout all the process on its own. Here, it is worth highlighting that the only experience that the partnering municipalities had with managing the EU funds were as beneficiaries of individual projects and one joint project in the 2007-13 period. To ensure appropriate capacity, the IB applied for higher-than-usual funding from the ROP's technical assistance budget, and offered jobs to former employees of the MA with experience in managing the funds. Another challenge was to ensure a strategic choice of non-competitive projects to be realised from the ITI funds. Obviously, each of the agglomeration's partners had particular interests, needs and expectations, and local authorities in Poland are still in the process of learning how to develop strategic thinking about the whole functional area. However, after conducting the area's diagnosis and long inter-municipal negotiations, the projects were chosen, and there is a relative consensus that they will substantially support the area's strategic development.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

In Poland, the delivery tasks for territorial provisions are shared between the ROP managing authorities (based in the Marshal Offices of elected regional governments) and intermediate bodies. In contrast to other Polish it is, the Wałbrzych IB has a full delegation of tasks and the Dolnośląskie regional MA's role is limited to formal approval of the strategy, preparing drafts of the project selection criteria, and some parts of evaluation. It is also still a controlling institution, where the IB sends all the reports and data to then transfer it to the ministry. It also has some advisory functions, as the IB in Walbrzych is a new institution with low administrative capacity, and it is still learning the process of CP implementation.

For the IBs, central government guidance stipulated two options: to form an association of municipalities; or to reach a formal agreement or contract between municipalities. Some smaller municipalities that have limited experience of working together have opted for formal agreements, but some larger municipalities where there is already experience of similar initiatives have opted for the association model. In the Walbrzych FUA, the ITI uses the second option. The Walbrzych Agglomeration was established in 2011 and currently represents 22 local authorities.

It is worth emphasising that the Walbrzych Agglomeration is the only IB in Poland with full ITI implementation responsibilities. All other ITIs in Poland depend to varying extents on the support of regional managing authorities, e.g. to conduct project calls, formally and substantially assess projects, or sign contracts with beneficiaries and carry out financial control.

Despite the additional challenges coming with full responsibility, it was important for the agglomeration's leader to directly manage the ITI to build local capacity and ensure local decision-making. This required extensive negotiations and efforts to apply for additional funding from the ROP to employ enough people, train them, and build capacity to manage the implementation process. Probably for this reason, the stage of strategy implementation is slower than in the two other ITIs in Dolnośląskie.

Special implementation arrangements

The Walbrzych ITI has no plans to use financial instruments and will not use CLLD. The ITI strategy brings together ROP measures supported by the ERDF and the ESF (as the ROP is joint-funded), although projects will obviously be funded separately. The projects funded from the ERDF will be within the following priorities: 2c, 3a, 3c, 4e, 4c, 6d, 6c, 6b, 7b, 7d, 9b, 9a, 10a. The projects funded from [ERDF-ESF](#) will be within these priorities: 8iv, 9i, 9iv 10i and 10iv.

Implementation progress

Currently, implementation of the Walbrzych ITI is slower than in the other two ITIs in Dolnośląskie, but it is still relatively fast in comparison to other Polish regions. The first call for ITI project proposals was launched in 2016, and there have already been 34 project calls. As of November 2016, there were around 400 project proposals, out of which around 100 were chosen to be funded, already accounting for 75 percent of ITI allocation. However, so far only two contracts have been signed. The first assessment of project applications took some time, but this was to be expected as the process was new, and the IB in Walbrzych had no previous experience with managing it. Several new project calls, assessments and contracts are planned in early 2017. As a result, the greatest current challenge is the high accumulation of processes to manage at the same time by relatively low-experienced IB staff.

In terms of implementation, the chosen mode of project selection is significant. Basically, in developing more integrated or complex projects, there were two possibilities. More strategic or complex projects can be pre-selected at the programme level or developed through a negotiation process or by grouping projects. In allocating substantial funding to such projects, programme authorities can improve their control over the course of the programme to a certain extent. They can also ensure the inclusion of certain actor groups in the programming process or the coherent targeting of overarching development issues. Open, competitive call systems can help to target groups of potential beneficiaries, raise awareness for a certain initiative, and introduce elements of competition to incentivise or mobilise beneficiaries to produce quality applications in a timely manner. The agglomeration follows the Commission's and ministry's guidelines and uses the non-competitive mode only for projects funding roads and railways. Other projects are chosen in a competitive mode. However, the IB would prefer to use more of the non-competitive mode, as from their experience in this option the coherence of projects with the objectives of the strategy is strengthened. The competitive mode always includes an element of unpredictability: what projects will be realised and how? An example provided by the IB is a recent call for educational projects: although the strategy specifically mentions which skills and professions should be developed to support a strategic economic area, the proposals offered a different scope of courses.

Evaluation

Monitoring of the strategy will be conducted by the IB, and it will start after the first projects are implemented. ITI evaluation will be part of ROP evaluation, and for this reason it will be coordinated by the MA. Within that, the IB will need to report necessary information to the MA. There are no specific plans regarding the timing of the first ITI evaluation in Dolnośląskie.

2.3 GOOD PRACTICE AND LESSONS LEARNED

ITIs are perceived as definitely worth continuing after 2020, even without the support of EU funds. In fact, both the IB and the MA have started preparations for the future. For example, the MA is encouraging the formation of inter-municipal agreements in FUA around smaller towns in Dolnośląskie, and it welcomes their representatives as observers of ROP monitoring committees.

Among the main lessons learned, there are clear capacity-building effects. The main aim of the ITI is to provide a framework and incentive for local authorities to work together strategically and to plan together. This is a new and important process for local authorities. Previously, the tendency was to think only of their own areas, e.g. the costs of public transport in specific territories. Now there is more strategic interest in the broader territory.

With regard to possible improvements, not much can be said, as the implementation process has only recently started, and projects are not yet realised. Nevertheless, some suggestions can be pointed out. The IB highlights that the non-competitive mode can possibly ensure more strategic project selection due to inter-municipal negotiations and direct influence on such projects' content. The MA suggests that some areas, for example entrepreneurship and SME support, should be planned from the perspective of the strategy of the whole region rather than just the functional urban area.

*EAFRD measure M04 'Investment in physical assets' supports a number of EAFRD IPs (P2A, P3A, P4A, P4B, P4C, P5A, P5B, P5C) but it could not be determined which specific IPs were supported by the ITI

Rationale and added value

The Portugal 2020 Partnership Agreement sets the NUTS 3 level as a 'territorial reference' for the implementation of Integrated Territorial Investments (ITI) through Pacts for Territorial Development and Cohesion, anchored in the integrated territorial development strategies (EIDT). It also stipulates that Pacts are to be implemented in the whole mainland territory of Portugal, and cover interventions of inter-municipal entities essential to the EIDT implementation, with particular emphasis on the reorganisation and quality enhancement of the provision of public and collective services. The implementation of Pacts is indispensable for the concretisation of EIDT and their priorities.

Implementation mechanisms

The Pact for Territorial Development and Cohesion is implemented through the Integrated Territorial Investment (ITI) mechanism, and is anchored in the integrated territorial development strategy (EIDT) adopted at NUTS 3 level. The Pact is therefore one of the instruments for the concretisation of the EIDT. Interventions under the Pact are to be co-financed from ERDF, ESF, CF and EAFRD. The contributing OPs are the Norte ROP (providing ERDF and ESF co-funding), the national Resource Efficiency and Sustainability (SEUR) OP (CF), the Social Inclusion and Employment (ISE) OP (ESF) and the Rural Development Programme (RDP) for the mainland (EAFRD).

Funding arrangements

The total contracted ESIF funding amounts to €66,026,861.15, of which €59,770,024.39 are to be secured by the Norte OP (€30,041,503.06 ERDF and €29,728,521.33 ESF); €446,250 by the SEUR OP; €3,649,036.76 by the ISE OP; and €2,161,550.00 by the mainland RDP.

Type fund	Name fund	Amount
ESIF	ERDF	€30,041,503.06
	ESF	€33,377,558.09
	Cohesion Fund	€446,250
	EMFF	
	EAFRD	€2,161,550
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	<i>Unclear</i>	
Repayable grants	<i>Unclear</i>	
Community-Led Local Development	Not considered (separate territorial instrument)	
Private sector	<i>Unclear</i>	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The preparation of the Pact was the initiative of the Inter-municipal Association of Tâmega e Sousa. The 11 municipalities of the region were its 'inspirators', having being deeply involved in its preparation. This involvement started with the preparation, in 2014, of the T&S strategic plan for inter-municipal development, subsequently (on 25 February 2015) recognised as the integrated territorial development strategy (EIDT). Municipalities participated in this process in multiple forms: through participation in the inter-municipal council, which analysed and approved successive versions of the strategy as well as draft and final documents; through individual and collective meetings with the team preparing the document; and through the provision of information supporting the preparation work. This involvement was replicated in the process of the Pact preparation, although with a greater level of detail, which was necessary for the design of specific projects to be submitted.

The elaboration of the strategy was guided by the provisions set in the application call for Pacts for Territorial Development and Cohesion (Nº3/2015), foreseeing the development of such elements as (i) the definition and delimitation of the targeted territory, (ii) a synthesis of the diagnosis and analysis of the territorial situation, based on the EIDT, (iii) a synthesis of the integrated strategy, including objectives and specific vocation, participation of relevant territorial actors in the strategy implementation, and economic and social value of the interventions, (iv) the programme of actions and investments, detailing actions and investment estimates as well as objectives, expected results and quantifiable milestones (outputs and impacts), and (v) the governance model (including the management model, monitoring and evaluation mechanisms, and responsibilities of stakeholders).

The strategy was approved following a competitive selection process. On 17 March 2015, the call for ITI strategies, specifying eligible interventions and evaluation criteria, was launched. The T&S Inter-municipal Association proposed the strategy, which was assessed and approved by an evaluation committee comprising representatives of the MAs of the funding OPs, the Regional Coordination and Development Commission, the Agency for Development and Cohesion (ADC, the national-level institution responsible for overall coordination of CP and domestic regional development policies) and external experts.

The selection process involved two stages, the first one including the overall analysis of the coherence and quality of the strategy, through an opinion issued by the evaluation committee, and the second one relating to the negotiation of the configuration and reasonableness of investments, and the capacity to implement the strategy. Upon selection and approval, the strategy management was formally contracted with the MAs.

Consultation process

No information could be sourced regarding the consultation process.

Links to domestic pre-existing strategies

The approach to ITI is not entirely new. In the previous programme period, the Inter-municipal Association of Tâmega e Sousa (in its previous configuration, including one more municipality), following the global grants approach, promoted and contracted the Tâmega Territorial Development Programme, which primarily focused on strengthening the efficiency and quality of public services delivery, serving as an instrument that provided a stable multi-annual financial framework for municipal investment, and strengthening the cohesive and balanced development of the region.

The Pact is anchored in (and presents one of the instruments for the concretisation of) the EIDT strategy, adopted at NUTS 3 level, which provides the overall reference framework ensuring the strategic coherence of all territorial interventions in the region (including SUD and CLLD), and it is duly articulated within the broader regional (NUTS 2) strategy.

Measuring the effectiveness and added value of the strategy

The T&S Inter-municipal Association proposed and then negotiated with the MAs on the investments, action programme and results it intends to achieve, in the framework of concretisation of the recognised EIDT. The strategy must contribute to the eligibilities, allocations, objectives and output/result indicators of the co-funding OPs, the selection of objectives and priorities thus being compatible with those adopted under each of the co-funding OPs.

T&S is committed to contributing to the achievement of the funding OPs' milestones, through milestone indicators associated with the IPs / typologies of operations contracted under the Pact.

The Tamega e Sousa Observatory (*o Observatório*) will be a fundamental mechanism for the calculation of the indicators contracted under the Pact. The Observatory originates from the initiative launched by T&S in 2013 aiming to overcome the deficit of information supporting the definition of policies at the sub-regional level, given the scarcity of official statistical data at the NUTS 3 level. The Observatory will permanently monitor the sub-regional situation, collecting and calculating the system of output and result indicators defined under the Pact. The Observatory's work will not be confined to official information, and in cases of insufficiency it will promote own initiatives to produce statistical or other types of information.

Key challenges

No information could be sourced regarding key challenges.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The management arrangements of the strategy have been agreed by the municipal association and the respective OP MAs through a formal contract. The ITI contract identifies the competences delegated by the MA, the financial allocations and temporal profile of commitments, goals and outcomes and governance mechanisms relating to leadership, partnership, accountability, monitoring, evaluation and audit.

Functions such as project approval and financial contracting of operations, validation of expenses and launch of calls are retained at the MA level. The overall strategy operational, financial and performance (in terms of results) monitoring is the responsibility of the MA of the main OP, while the monitoring of all ITIs across the OPs is the responsibility of the ADC.

The main responsibilities of the inter-municipal association comprise drafting the strategy and evaluating projects (analysis of absolute and relative merits of the submitted applications as well as their relevance to the implementation of the Pact) based on advisory support from Strategic Councils for Inter-municipal Development including representative institutions, bodies and organisations with relevance to inter-municipal development. Thus, the inter-municipal association will evaluate the eligibility, technical and financial adequacy, and the merit of operations, ensuring a selection process in conformity with the criteria applicable under the co-funding OPs (developed by the MAs and approved by the respective monitoring committees). Furthermore, the inter-municipal association is responsible for monitoring the progress of investments and the execution of actions during the whole lifecycle of operations (without prejudice to the MA monitoring and control mechanisms), as well as evaluating the achievement of objectives and results and proposing financial closure of operations. The inter-municipal association is also

responsible for carrying out relevant communication and dissemination activities, and keeping the information system up to date, with data on each operation necessary to perform monitoring, evaluation, financial management, verification and audit.

Since the Pact is an instrument for the concretisation of the EIDT, its governance model is anchored in this overarching strategy and the governance structure of the T&S Inter-municipal Association, whose main bodies are the inter-municipal assembly, council and executive secretariat. The assembly approves proposals of the action plan and budget and elects the inter-municipal secretariat. The council is composed of presidents of the urban authorities and is a deliberative body. Furthermore, the Strategic Council for Inter-municipal Development is a consultative body supporting decision-making and providing strategic counselling with regard to the Pact.

The implementation of the EIDT requires the consolidation of the internal structure of the inter-municipal association, with specific units dedicated to municipal support (with the focus on the domains of public services, municipal administrative capacity, and energy), cohesion and inclusion (education) and competitiveness and innovation (to take the central role with regard to ESIF utilisation in T&S). A specific technical assistance structure will be created within the association's internal structure specifically for performing functions related to Pact implementation. Its operational units will combine appropriate multi-thematic expertise.

The T&S Inter-municipal Association will implement an adequate monitoring and evaluation system of the Pact and, more broadly, the EIDT.

At the operational level, a Technical Piloting Committee of the Pact will monitor the implementation and progress of the Pact. It will also issue recommendations to the relevant T&S bodies.

In strategic terms, the monitoring of the Pact implementation will be ensured by the Strategic Council for Inter-municipal Development, which will convene annually (or depending on the need). The council will review implementation of the strategy and progress made towards achieving its objectives, including the consistency of implementation with the defined milestones. It will also issue alerts to the relevant bodies regarding necessary adjustments to the strategy, in terms of milestones or intervention instruments. The council will analyse and approve the Pact and EIDT annual implementation reports. The preparation of these reports, in the Pact processual component, is the responsibility of the Technical Unit of the Pact, whereas other components of the reports are the responsibility of other inter-municipal bodies.

The Strategic Council for Inter-municipal Development will be technically supported by the Observatory, which will permanently monitor the sub-regional situation, collecting, systematising and analysing the information necessary for the monitoring and evaluation of the strategy implementation and impacts.

Special implementation arrangements

ITI and CLLD present two distinct territorial instruments, supported by separate strategies. Both instruments are covered by the overarching strategic framework of the NUTS 3 EIDT, ensuring due articulation between them as well as with other territorial tools targeting the territory of Tâmega e Sousa.

The strategy foresees the active participation of regional actors in its implementation. Among other things, it will be ensured through the creation of new entities in the framework of the inter-municipal community that will constitute the so-called Technical Piloting Committee of the Pact and coordinate the activity of various thematic groups. The involvement of regional actors will also be ensured through their participation in the monitoring committee of the Pact/EIDT as well as in the Strategic Council for Inter-municipal Development (a body representing sub-regional interests, with responsibilities for the articulation of EIDT interventions in the area).

Implementation progress

No information could be sourced regarding implementation progress.

Evaluation

Interim evaluation of the Pact is foreseen for the first semester of 2019, which will stretch beyond the analysis carried out in annual reports, seeking to analyse the impact of the Pact and EIDT on the evolution of the sub-regional situation more broadly. The interim report, to be produced by the Observatory, will include recommendations with regard to necessary adjustments to the pursued actions – depending on the degree of achievement of the output and result indicators foreseen for 2018 – that are able to contribute to the achievement of the contracted objectives.

As a separate exercise, T&S is expected to carry out a mid-term evaluation of the operationalisation and first results of the strategy implementation, to be concluded by the end of the first quarter of 2019, based on the information reported by 31 December 2018.

The strategy monitoring and evaluation process will be concluded with the elaboration of the ex-post evaluation report, which will be contracted with an external independent entity. The report will evaluate the contribution of the Pact and EIDT to T&S territorial development.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Given the development constraints of the Tâmega e Sousa region (including strong territorial asymmetries and overall poor positioning in the national and EU macroeconomic context), it is expected that the implementation of actions under the Pact will contribute to improving the sub-regional situation and enhance the development level.

At the same time, given these development challenges, the amount of funding contracted for the implementation of the T&S Pact generated criticism and was noted as inadequate, given the intensity of sub-regional problems. The municipal mayors of the region considered the financial allocation (being €58 million less than the amount allocated to the region under the previous community framework) to be insufficient to combat the recognised fragilities of the territory. Despite the criticism, however, the contract was signed, with the signature ceremony viewed as a 'first step' and, according to the Norte MA, as 'a symbolic act marking the end of a negotiation process and the beginning of a new programming cycle'. The President of the Norte OP Steering Committee, acknowledging the concerns of the region's municipalities, confirmed the 'great commitment of the MA' to work towards achieving greater convergence of the T&S income levels with average EU levels. In his turn, the President of the T&S Inter-municipal Association, confirming that municipalities expected 'more' funding, expressed assurance that the contracted funding would be beneficial for the region and, if necessary, would be 'rethought, re-analysed and corrected'.

Strategy fiche – Cascais, Portugal

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Existed but substantially adapted
Size of town/city	100,000 - 250,000 inhabitants

The municipality of Cascais is located in the Greater Lisbon sub-region and Lisbon Metropolitan Area (LMA) NUTS 3 region. It occupies an area of 97.4 square kilometres and has a population of 206,479 (2011). The socio-economic development of Cascais has benefited greatly from the proximity to Lisbon as a major economic, cultural and service centre. The tertiary sector is dominant in the economic structure, accommodating the largest number of companies (89 percent) and employed population (86 percent) and contributing most to wealth creation, with GVA (83 percent) significantly surpassing that of the primary (0.2 percent) and secondary (17 percent) sectors. The continuous population increase, mainly due to migration from interior to coastal areas of Portugal, shows the importance of Cascais in the socio-economic dynamics of the region.

Targeted areas

The Strategic Plan for Urban Development (PEDU) is constituted by three dedicated action plans that target specific IPs (6e, 4e, 9b) and have specific (stipulated) territorial coverage: (i) the Action Plan for Urban Regeneration (PARU) targets the selected Urban Rehabilitation Areas (URA) in the municipality. 12 URAs have been selected as priority areas for intervention under the PARU. They occupy 5.5 percent of the municipal territory and present areas characterised by deficiencies related to public space, urban mobility and built heritage. (ii) The Action Plan for Sustainable Urban Mobility (PAMUS) has a broader territorial coverage, having been defined at the NUTS 3 level and targeting the whole territory of LMA, integrating components with specific effects in the municipal area. (iii) The Action Plan for the Disadvantaged Communities (PAICD) targets 5 intra-municipal areas defined based on a number of pre-established criteria related to socio-functional characteristics of space (relating to poverty, crime, education, unemployment and social exclusion levels, etc).

Challenges and objectives

The strategy identifies a broad range of challenges of economic, social, environmental and physical nature, related to extensive urban growth, municipal identity loss, territorial and urbanistic asymmetries, historic centres desertification, housing monofunctionality, shortage of green public spaces, growing dependence on individual road transport, worsening roads quality and pedestrian accessibility, poverty, unemployment and social exclusion, etc. The main objectives may be divided in three major blocks, each one targeted by a dedicated action plan: (i) promoting the quality of the urban environment and socio-cultural and economic dynamisation through urban regeneration and rehabilitation measures; (ii) supporting sustainable urban mobility based on a low-carbon strategy; and (iii) promoting the social inclusion of disadvantaged communities. The PEDU is thus expected to contribute to achieving transversal objectives and to progress the development towards the global strategic vision, where Cascais appears as an 'internationally relevant', polycentric, sustainable, cohesive and inclusive territory.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4e		6e			9b		
ESF									9i	10i	

Rationale and added value of the strategy

The Partnership Agreement stipulates that urban authorities or municipalities corresponding to 'urban centres of higher level' intending to mobilise IPs under the specific Urban Priority Axis (PAX) in the respective ROP (i.e. IPs 4e, 6e, 9b) must elaborate an integrated strategic plan for urban development. The application call included the list of 'urban centres of higher level' under the Norte, Centro, Lisboa and Alentejo ROPs expected to develop such a strategy to be able to mobilise the IPs concerned – in line with broader regulatory provisions (including under the PA, ROPs or specific regulation of the Sustainability and Resource Use Efficiency OP)(Article 66, 120). This requirement, although presenting a novelty in terms of municipal planning, is viewed overall as a positive incentive for fostering inter-sectoral dialogue and accommodating various municipal needs and priorities under a single multi-dimensional strategy.

Implementation mechanisms

The SUD actions are implemented through a separate dedicated axis (Axis 8 – Sustainable Urban development) in the Lisbon ROP, and are co-funded by the ERDF. Complementary actions covering the same areas can also be co-funded by the ESF and pursued under other territorial instruments (being covered by the common strategic framework at a broader – NUTS 3 region – scale). The PAX also includes allocations for a Financial Instrument for Urban Regeneration and Revitalisation, to be mobilised under IPs 6e and 9b and to complement the non-reimbursable support under the PEDU.

Funding arrangements

The total value of the PEDU investment amounts to €7,593,118, with the Fund contribution of 50 percent (€3,796,559). The eligible amounts approved for each Action Plan are as follows: (i) IP4e: €3,504,516 (€1,752,258 ERDF), (ii) IP6e: €1,518,624 (759,312 ERDF), and (iii) IP9b: €2,569,978 (1,284,989 ERDF). In addition, the Lisbon OP MA allocated the Financial Instrument for Urban Regeneration and Revitalisation (IFRRU 2020) totals of €6,000,000 under IP6e and €3,000,000 under IP9b.

Type fund	Name fund	Amount
ESIF	ERDF	€ 3,796,559
	ESF	€ 159,081
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	Max. 33%
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Used	€ 9,000,000 (total) for IFRRU 2020 under the ROP
Repayable grants	Not considered	
Community-Led Local Development	Separate territorial instrument	
Private sector	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The work on the design of strategic priorities and the identification of investment opportunities and concrete actions was a shared process, coordinated by the Department of Strategic Planning of the Cascais Municipality. It was performed in coordination with other relevant departments. The elaboration of the strategy was guided by the provisions set in the application call for Strategic Plans for Urban Development (EIDT-99-2015-03) and the respective specific regulation, and comprised the development of such elements as (i) a diagnostic synthesis of the URA, (ii) objectives and a coherent intervention strategy integrating the three urban development components (mobility, urban regeneration, and support to disadvantaged communities), (iii) three action plans, detailing actions and respective investment estimates, and (iv) expected results, critical success factors and interdependencies. The definition of objectives was conditioned by the OP content. The scope for the municipality to define the content of the strategy differed depending on the action plan in question. Thus, the wider strategic orientations of the Mobility Plan were defined at the LMA level, leaving the municipality less room for manoeuvre, as it only required an 'adjustment' of the planned municipal interventions to the content of a 'superior-level' document. The elaboration of the other two plans relied entirely on the internal work of the relevant municipal departments. In all three cases, however, the already existing plans targeting thematic areas of relevance served as a strategic basis for this work, ensuring continuity and facilitating the drafting exercise.

The strategy presented by the municipality was assessed by the Lisbon OP MA (Autoridade de Gestão do POR de Lisboa 2014-20) in its three integral parts. The analysis covered, inter alia, the socio-functional characteristics of the area, statistical indicators, IPs to be mobilised and their links to other IPs (namely IP9.1) and urban revitalisation instruments, and the governance model. The assessment was complemented by analysis carried out by the public entities with competences in each of the three intervention areas, namely the IHRU (Institute for Housing and Urban Rehabilitation) for PARU, the IMT (Institute for Mobility and Transport) for PAMUS, and the ISS (Social Security Institute) for PAICD. The Directorate-General for the Territory also issued an opinion, taking account of the broader (NUTS 3) integrated territorial development strategy and the proposals on investment, targets and results, governance, monitoring and evaluation system. The strategy was approved by the ROP Directive Committee, its management being formally contracted with the MA.

Consultation process

There was no public consultation process with regard to the PEDU design. The short period of time to elaborate the strategy limited the scope for involving a wider range of actors in the process. Apart from the insufficient time for conducting consultations, the timing of the call (summer) made a consultation exercise unfeasible. In addition, territorial management instruments in which the PEDU is anchored were objects of public consultation. The strategy was approved following a competitive selection process by the OP MA, which was carried out in articulation with relevant public agencies.

Links to domestic pre-existing strategies

There is some continuity with regard to certain elements of the strategy. The municipality has experience in implementing strategies covering various dimensions currently integrated under the umbrella of the PEDU, which however differed in their degree of comprehensiveness. The Special Rehabilitation Programme (implemented in 1996-2007 and promoting social and territorial cohesion principally through urban rehabilitation measures) and projects under the 'Partnerships for Urban Regeneration' instrument can be highlighted among those initiatives that sought to increase articulation between various

actions targeting urban development. The already existing strategic documents served as a basis for the strategy design, providing a reference for the programming process and contributing to strategic continuity. The Cascais Municipal Master Plan, although being, in the strict sense, a territorial planning document, sets out broad guidelines for competitive and sustainable local development, and seeks to apply a holistic approach to interventions, having been one of the most influential documents for the PEDU elaboration. However, in the SUD context, none of the previously existing documents reached a similar level of strategic integrative capacity. The strategy was defined in coherence with other interventions targeting the territory concerned, including, as foreseen in the national SUD strategy, spatial development plans (especially PROTAML), the integrated territorial development strategy (ensuring coherence of all territorial interventions in LMA), the LMA ITI, and municipal strategic planning documents.

Measuring the effectiveness and added value of the strategy

The strategy must comply with and fulfil the eligibilities, indicators and objectives set in the funding OP. Apart from the general OP indicators contracted under the PEDU to monitor and evaluate the strategy as a whole, at the level of individual operations, more specific ('micro') indicators have been set, for a more 'detailed' analysis of progress (equally coherent with OP indicators). The strategy monitoring will be carried out in qualitative and quantitative terms, through indicators that will allow a continuous monitoring of implementation, at the level of outputs and results, physical and financial execution, or the context in which the actions are carried out. This indicator system will also enable the adoption of the necessary adjustment measures and support the preparation of implementation reports and other systematised information for reporting to the MA and for public disclosure. The collection of information that feeds the indicator system will be carried out in collaboration with promoters of the operations, residents and entities accompanying the execution of the FIs (IFRRU and the MA). The procedures and mechanisms for data collection are to be similar to those of the MA, to enhance standardisation and comparability.

The strategy must contribute to the achievement of the ROP targets through the set of indicators associated with the contracted IPs and typologies of operations. Both output and result indicators defined in the strategy thus correspond to those set in the Lisbon OP for each IP mobilised (which also ensures standardisation at regional level, crucial for efficient monitoring of the OP). Such use of indicators is assessed positively, the existing indicators being considered adequate and sufficient (at least so far) for measuring the strategy's effectiveness. The indicators seek to grasp both tangible categories (such as, for example, coverage of open space created or rehabilitated in urban areas, or length of roads for 'soft' mobility) and intangible ones (for example, levels of satisfaction of residents living in areas covered by the SUD strategy). The target values have been calculated, inter alia, on the basis of targets set in the ROP and those defined at NUTS 3 level, estimations (average values) based on the previous implementation experience of the municipality, and the calendar of the planned interventions. Contribution to EU goals is to be ensured through the contribution to the targets and objectives set in the funding OP, which emphasises the strategic role of cities – and the Urban Axis – in the progress towards the Europe 2020 vision, and which refers to the specific contribution of each IP with relevance for the achievement of Europe 2020 objectives.

Key challenges

The short period of time available for the elaboration of the strategy was seen as a major constraint. In addition, the timing of the call presented a challenge, as it coincided with summer holidays and thus a staff-shortage period. The combination of these factors made the design process more difficult and also blocked the possibility of carrying out a public consultation. Despite the comprehensive set of priorities mobilised, the relative scarcity of funding available for strategy implementation might limit its strategic ambitiousness and its capacity to induce a wide-ranging impact on the ground.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The overall framework for the implementation of Strategic Plans for Urban Development (including project competitions and the related requirements) is defined by the MA of the funding OP, in liaison with relevant public agencies and the Agency for Development and Cohesion (ADC, the national-level institution responsible for overall coordination of CP and domestic regional development policies), to ensure a coherent and focused approach and due articulation with other planning tools and territorial instruments targeting the regional territory. The MA is responsible for the final control of the eligibility of operations before approval, final approval of the selected operations, verification of the eligibility of expenses during execution, and the establishment of monitoring and control mechanisms.

The strategy is implemented by the urban authority, which proposes the specific content of the action plans and is responsible for the selection of operations. The selection of operations is organised in conformity with the procedures established at the level of the funding OP. The process runs through several stages, covering the admissibility analysis, technical and financial analysis, and analysis of merit. The selection criteria to be applied to various types of operations were defined and adopted by the OP MA upon approval by the monitoring committee. Apart from specific criteria under each IP, the selection of operations should respect the general principles of non-discrimination, transparency, economic rationality and sustainability. The urban authority is responsible for selecting the submitted applications, verifying their compliance with the established eligibility criteria, and applying the approved selection criteria (except FI-supported operations). Projects will be selected based on a segregated municipal structure. The urban authority is also responsible for organising project calls (in accordance with the annual plan), providing information to beneficiaries, and elaborating a document evaluating the quality of operations and justifying their relevance for the achievement of the strategy's objectives. At the technical-operational level, the municipality carries out procedures ensuring smooth implementation of the strategy and its action plans. The PEDU will be monitored by the MA and the municipality.

The strategy governance model is structured around four bodies with responsibilities for the PEDU implementation. The municipal executive is responsible for the global coordination of the strategy and its support structure, and for the programming and operationalisation of projects foreseen under the defined framework of actions. The Advisory Council on Financing and the Urban Development Observatory (UDO) verify the development of financial and urban issues, respectively, playing a key role in the evaluation and validation of proposals. The Advisory Council on Financing may include representatives of interested parties (institutional partners and local community) and be consulted on various issues concerning the PEDU implementation. The UDO is an advisory body ensuring the overall evaluation of the interventions. It may be constituted by both municipal and external technicians, responsible for evaluating the strategy implementation, monitoring and evaluation reports. The PEDU support structure supports the municipal executive and comprises the municipal technical commission, responsible for the operational management of the PEDU investments and targets, and the municipal technical team, which, constituted by a multidisciplinary and multi-departmental team, provides technical support for implementation (with responsibilities, for example, for preparing the implementation, monitoring and evaluation reports and ensuring the implementation of the IFRRU).

Special implementation arrangements

A Financial Instrument for Urban Rehabilitation and Revitalisation (IFRRU 2020) has been set up and will work in a coordinated way with the strategy. The IFRRU 2020 presents a fund of funds, set up through a separate block of finance, which may be financed by all ROPs and the NOP for Sustainability and Efficient Use of Resources, and manages FIs for urban rehabilitation and revitalisation. FI-supported urban regeneration interventions include participation of the municipality, which issues an opinion on the strategic

consistency of the proposed interventions with the urban development strategy. The PA established that EU funds targeting housing interventions as part of urban regeneration and renewal activities shall be mobilised exclusively through FIs and may not exceed one-third of the total amount of ESIF allocated to SUD. The proposal of the SUD strategy had to take into account the total allocation for the IFRRU foreseen in the ROP (under the Urban Axis), the urban authority being asked to indicate a proposed amount intended for urban regeneration that would be linked to this national FI. This is intended to give the municipality the funding guarantee of public investments involving economic activities in areas such as rehabilitation of housing and energy efficiency in private housing, buildings for commercial use, and public buildings and facilities with sufficient net revenues to repay the value of the investment financed.

The FI is to be mobilised under IPs 6e and 9b. Its use has been supported by the results of the ex-ante assessment of FIs under the Portugal 2020 programmes (Lot 3, 4), which pointed to the unwillingness and inability of the private sector to invest in urban rehabilitation as one of major constraints to the success of previous urban regeneration and rehabilitation operations. The PEDU thus views private sector mobilisation through the IFRRU as a 'priority task' in the context of urban revitalisation measures. It is estimated that there exists sufficient demand associated with FIs that complements the non-reimbursable interventions under the PEDU. In broader regional terms, it is also expected to capitalise on the experience accumulated from the earlier period of implementing FI for the physical, economic and social regeneration and renewal of urban areas (under JESSICA). The capacity and demand in relation to FIs being implemented under IP6e are viewed particularly positively, due to the experience that exists, while those related to FIs targeting socially-oriented areas are still to be assessed.

Although SUD and CLLD present two distinct territorial instruments, supported by separate strategies, they complement each other. CLLD aims to promote strategic and operational collaboration between partners, focused on entrepreneurship and job creation, and to respond to poverty, social exclusion and unemployment problems in specific disadvantaged areas through local economic dynamism and revitalisation of local markets. Thus, there exists particular concurrence with SUD interventions under IP6e and, especially, IP9b. The LAG of Cascais has been created, which will be responsible for the urban CLLD plan for two parishes within the municipality. The PEDU leaves scope for cross-fertilisation of interventions pursued under these different territorial tools, e.g. foreseeing articulation of the physical regeneration component under PAICD with corresponding interventions of a social nature covering the same territory (including under CLLD or Local Contracts for Social Development).

Implementation progress

As of February 2017, implementation has not started and no operations have been submitted. The submission and subsequent selection of projects under each action plan is awaited, and the implementation is expected to start around May-June 2017. At this point, it is thus difficult to identify major implementation challenges. Nevertheless, some potential difficulties are already foreseen, for example with regard to bureaucratic obstacles at the proposals submission stage (which are quite heavy and also unfamiliar due to the novelty of the electronic platform) or potential execution delays (inter alia, due to the late launch of operations).

Evaluation

The system of strategy monitoring and evaluation operates at two levels – that of operations and that of the strategy as a whole, functioning throughout the whole lifecycle of the interventions. At the municipal level, the monitoring and evaluation arrangements are as follows. The municipal executive approves the monitoring and evaluation reports and verifies the pertinence of any required corrective measures. The UDO issues opinions on the actions' planning, achieved results and their impact on the territory based on data submitted by the PEDU support structure, which collects and analyses the output and result targets and elaborates monitoring and evaluation reports. The municipal Department of Strategic Planning has a specific division with competences dedicated to monitoring and

evaluation – the Environmental and Territorial Assessment and Monitoring Unit. Although this division existed previously, a new team, specifically dedicated to monitoring and evaluating the PEDU, has been recently designated, which will rely on the accumulated institutional experience. The work has not started yet, but the system is fully set up, with the division expected to start producing monthly reports after the presentation of the first projects.

The results, the actions' progress, and the contribution to the defined targets and objectives will be assessed at periodic meetings assembling all bodies with PEDU monitoring and evaluation responsibilities. Regular meetings of the technical team will ensure continuous monitoring of implementation as well as the preparation of physical and financial execution reports and monitoring and evaluation reports (elaborated based on the established output and result indicators). The strategy is subject to a mid-term evaluation in 2019, seeking to identify possible execution deviations from the programmed targets and results, and the main implementation constraints and adjustment needs. As a result, the strategy may be subject to re-adjustment, depending on the degree of achievement of the contracted output and result indicators (by 31 December 2018). The final evaluation, carried out according to the guidelines issued by the MA and the ADC, will focus on the contribution of results to the strategic objectives and on the formulation of recommendations to inform future interventions. Furthermore, articulation with the evaluation provisions of the Lisbon OP Evaluation Plan should also be ensured. Thus, all urban development strategies will be subject to the 'Evaluation of the Impact of Public (ESIF co-financed) Urban Regeneration and Revitalisation Policies', among other things evaluating first achievements of new SUD provisions. It is expected to be launched in 2018 and rely on the physical and financial execution data from the ROP.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The PEDU is seen as a first effort at elaborating an integrative strategic framework for tackling diverse dimensions of urban development in a comprehensive manner. In terms of both strategic intention and preparatory strategic work, previous programming efforts never reached a similar degree of integration. Departments responsible for different policy areas used to work in a largely isolated manner, inter-departmental communication often being minimal. Work on the PEDU, given the regulatory necessity to integrate different priorities under a single strategy, encouraged sectoral departments to work together. However, it remains to be seen if this can be achieved on the ground. In addition, the capacity of the strategy to induce real change is significantly constrained by the budgetary limits, as resulted from the negotiation stage and, more generally, related to the limited allocations for the ROP Urban Axis. The strategy appraisal process, which involved public entities with competences in the relevant sectoral areas, is assessed very positively as carried out in a cooperative and well-articulated way. This type of articulation process is seen as important for ensuring the adequacy of the contracted indicators and the feasibility of the planned interventions. The value of the PEDU is also seen in its 'concrete' and 'operational' character, with clearly defined priorities and short- and medium-term results. However demonstrating results by the contracted deadlines might be challenging, as many actions need more time to mature and produce the desired effects. The timeframe for execution also presents challenges for the monitoring and evaluation exercise and might complicate the adoption of corrective measures required to ensure that operations demonstrate the contracted results.

The short period of time for elaborating the strategy and timing of the call were viewed as significant constraining factors. In this situation, the already existing strategic documents targeting sectoral domains of relevance served as a useful basis for the strategic work. Apart from contributing to continuity in the planning process, they also allowed the exercise to be completed within the strict timeframe. The timeliness of execution is expected to be the main concern. Ensuring articulation of interventions implemented under PEDU with those supported by complementary territorial instruments covering the same geographical areas is another challenge to be addressed. Overall, the municipality views the work on the PEDU as an interesting and beneficial exercise, but its effectiveness, value and real synergetic potential are still to be evaluated, once the implementation progresses.

Strategy fiche – Porto, Portugal

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Existed but slightly adapted
Size of town/city	100,000 – 250,000 inhabitants

Porto is the second-largest city and the fourth most populous municipality in Portugal. It is located in the Norte region and is the main city of the Porto Metropolitan Area (PMA) – the second-largest urban area in the country. The municipality occupies an area of 41 km² and has a population of 216,405 (2015). The city is an economic, educational, cultural and heritage centre.

Targeted areas

The Strategic Plan for Urban Development (PEDU) is constituted by three dedicated action plans that target specific IPs (6e, 4e, 9b) and have specific (stipulated) territorial coverage: (i) The Action Plan for Urban Regeneration (PARU) targets a number of selected Urban Rehabilitation Areas (URA) in the municipality, delimited under Decree-Law N°307/2009 based on a set of predefined criteria. These areas of intervention under the PARU, clustered in three sub-areas of equivalent size, in total cover about 8 percent of the city area, and correspond to three territory types as foreseen in the ROP – historic centres, riverine areas and abandoned industrial zones. (ii) The Action Plan for Sustainable Urban Mobility (PAMUS) has a broader territorial coverage, having been defined at the NUTS 3 level and targeting the whole territory of PMA, integrating components with specific effects in the municipal area. (iii) The Action Plan for Disadvantaged Communities (PAICD) targets three intra-municipal areas with the highest incidence of social housing and challenges related to social and urban development.

Challenges and objectives

The strategy identifies challenges related to structural decline of the resident population, degradation and lack of integration of the urban space, overspecialisation of economic activities, excessive tourism flows in the historic centre, deficient transport connections, dependence on individual transport, high GHG emission levels, strong socio-demographic and territorial disparities, poverty and social exclusion phenomena and growing number of urban ghettos. The main objectives are divided into three blocks: (i) improving the urban environment and socio-cultural and economic dynamism through urban regeneration and rehabilitation measures; (ii) promoting sustainable multimodal urban mobility based on a low-carbon strategy; and (iii) supporting physical, economic and social regeneration of deprived communities.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4e, 4v		6e			9b		
ESF*						6i, 6iv*			9j*		

*Although the SUD element is not allocated ring-fenced ESF funding, there is scope to draw down ESF funding under PEDU to support these complementary investment priorities.

Rationale and added value of the strategy

The Partnership Agreement (PA) stipulates that urban authorities or municipalities corresponding to 'urban centres of higher level' that intend to mobilise IPs under the specific Urban Priority Axis (PAX) in the respective ROP (i.e. IPs 4e, 6e, 9b) must elaborate an integrated strategic plan for urban development. The application call included the list of 'urban centres of higher level' under the Norte, Centro, Lisboa and Alentejo ROPs expected to develop such strategic plans to be able to mobilise the IPs concerned – in line with broader regulatory provisions (including under the PA, ROPs or specific regulation of the Sustainability and Resource Use Efficiency OP, Art. 66, 120). This requirement, despite a number of inherent challenges, is viewed overall as a positive incentive for fostering inter-sectoral dialogue and undertaking more strategic planning.

Implementation mechanisms

The SUD actions are implemented through a separate dedicated axis (Axis 5 – 'Urban system') in the Norte ROP, and are ERDF co-funded. Complementary actions covering the same areas can also be ESF co-funded and pursued under other territorial instruments (being covered by the common strategic framework at a broader – NUTS 3 region – scale). The Priority Axis also includes allocations for a Financial Instrument for Urban Regeneration and Revitalisation, to be mobilised under IPs 6e and 9b and to complement the non-reimbursable support under the PEDU.

Funding arrangements

The total contracted value of the PEDU investment amounts to €34,282,780, with a total ERDF contribution of €26,500,000 (€622,500 through FI). The eligible amounts approved for each Action Plan are as follows: (i) IP4e: €15,472,780 (€14,000,000 FEDER), (ii) IP6e: €9,000,000 (€7,050,000 FEDER, €350,000 being for FI), and (iii) IP9b: €8,810,000 (€5,450,000 FEDER, €272,500 being for FI).

Type fund	Name fund	Amount
ESIF	ERDF	€ 26,500,000
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	Considered*

* The initially planned ESIF allocation for the PEDU implementation exceeded the ultimately contracted amount by a factor of 6.3, therefore recurrence to other sources of funding for the implementation of the whole array of actions inscribed in the PEDU was considered.

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Used	€622,500 (€350,000 under IP6e and €272,500 under IP9b)
Repayable grants	Not considered	
Community-Led Local Development	Not considered (separate territorial instrument)	
Private sector	<i>Unclear</i>	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The call for the submission of PEDU proposals was launched on 22 June 2015, the deadline for the submission of applications being early September 2015. The municipality thus had 83 days to elaborate and submit the strategy. Given the short timeframe, and the fact that Porto was simultaneously in the process of reviewing its Master Plan, in-house capacity to perform the planning exercise did not exist at that time, and a specialised external consultancy (Quaternaire Portugal) was contracted, following a competitive selection process, to draft the strategy. The elaboration of the PEDU was guided by the provisions set in the application call for Strategic Plans for Urban Development (EIDT-99-2015-03) and the respective specific regulation. The PEDU was completed on the day of the initially established deadline, which was ultimately prolonged till 30 September, as Porto was the only municipality in the PMA to comply with the schedule.

The PEDU priorities were defined by the municipality, based on a 'recollection' of an array of sectoral intentions. Political consultations were held with officials responsible for different thematic areas in the three dimensions covered by the plan (an 'X-ray of political intentions'). One-to-one dialogues were held during the whole design process, and a number of general meetings were organised, assembling all concerned municipal councillors. The work was coordinated by the municipal Urban Department. Given the strict timeframe, it was not feasible to come up with an entirely new strategy. The drafting process therefore was more of a collection and synthesis of strategic intentions that were already existent or contemplated, adjusted to the new format required by the regulations and encapsulated into a new common narrative. In this sense, the requirement to elaborate a PEDU was used as an opportunity to frame and reinforce the already existing strategic thinking. The municipality undertook this task with the intention of formulating a comprehensive strategic framework for urban development actions, in a longer-term perspective. A wide range of interventions was included under each action plan, with the initially planned budget being 6-7 times greater than the ultimately contracted amount. Porto primarily emphasised the 'strategic' – rather than the operational – dimension of the plan. In the urban authority view, the available budget would have been exhausted with a very small (3-4) number of actions, and the potential shortening of the strategy would have deprived the plan of its strategic purpose. The complex and lengthy negotiations led to delays in terms of approving the plan. The final approved strategy includes the wider range of interventions as proposed by the municipality, and Porto now intends to identify other sources of funding (e.g. own funds, access to credit, EIB loans) to implement the full programme.

Consultation process

No stakeholder consultations were conducted, due to a number of considerations. The involvement of private stakeholders with their own actions did not seem reasonable as, given the prospect of relatively small funding allocations for PEDU implementation, it was clear that the municipality's own actions would utilise the total amount available. The domestic co-funding part can be fully ensured by the municipal budget, which is very sound and healthy, while the non-inclusion of private actions in the plan would not exclude them from EU funding eligibility in future.

Links to domestic pre-existing strategies

There exists certain continuity with regard to some elements of the strategy. The municipality has experience, including from the 2007-13 period, in implementing strategies covering various dimensions currently integrated under the PEDU umbrella. Operations under 'Partnerships for Urban Regeneration', promoting integrated urban rehabilitation and revitalisation activities, can be highlighted, as it sought to increase articulation between various domains. In the conditions of the strict timeframe, the drafting process relied on

the already existing municipal planning work with regard to different sectors (e.g. draft mobility strategy). However, the tradition of comprehensive strategic planning was largely absent. For instance, the municipal Master Plan, which seeks to take into account sustainability concerns and wider economic and social aspects of urban development, is in essence merely a spatial planning document. In this sense, the PEDU is seen as an advance towards undertaking more strategic municipal planning.

Measuring the effectiveness and added value of the strategy

The strategy must comply with and fulfil the eligibilities, indicators and objectives set in the funding OP. As of February 2017, the strategy monitoring system is not constructed and a number of unclear issues remain with regard to its future functioning. The following arrangements are foreseen. The strategy must contribute to the achievement of the ROP targets through the set of indicators associated with the contracted IPs and typologies of operations. Both output and result indicators defined in the PEDU thus correspond to those set in the Norte OP for each IP. Apart from the general OP indicators contracted under the PEDU to monitor and evaluate the strategy as a whole, the implementation of the action plans will result in a set of output and result indicators associated with the contracted projects, requiring continuous monitoring to guarantee the achievement of the expected objectives and ensure their contribution to the PEDU and OP results. Regular monitoring of outputs and results will thus be implemented based on the information associated with each funded operation and, possibly, complementary projects enhancing the PEDU progress towards its results. The strategy monitoring will be carried out in qualitative and quantitative terms, through indicators that will allow continuous monitoring of implementation, at the level of outputs, results and impacts, physical and financial execution, and the context in which the actions are carried out. The indicators system will also enable the adoption of preventive and corrective measures and support the preparation of implementation reports and other systematised information for reporting to the MA and for public disclosure. The quantification of *output* indicators is based on the information made available by project promoters. It is foreseen that for *result* indicators, the task will be more complex, requiring the calculation, directly or indirectly, of the effect of operations after their completion. The strategy thus recommends that at the level of result indicators, with expected contributions to the OP and the PA chain of objectives, 'stabilisation' is achieved, with the OP MA and/or the ADC suggesting a calculation method ensuring the aggregation and compatibility of results to be quantified in various PEDU of the region.

The municipality sees the adopted set of indicators as generally adequate and sufficient. At the same time, a more comprehensive and detailed system of indicators could have been developed, to ensure more robust monitoring and evaluation; however, this was not possible due to the short timeframe. It is expected that the multi-thematic nature of interventions will potentially make the monitoring and evaluation process more complex, though this does not necessarily imply 'complications'.

Key challenges

First, the timeframe for the elaboration of such a demanding document is seen as not sensible, especially given Porto's will to use it as a comprehensive basis for urban development activities in the longer term rather than merely as a way to respond to formal requirements. According to Porto, the national-level decision-making process defining the general framework for the operationalisation of the new SUD requirements took excessively long, leaving municipalities inadequate time to do the actual planning. Subsequent delays at the programming and contracting stage are also expected to result in time deficiency for the smooth execution of plans. Second, overcoming the existing political discoordination in the municipality was not easy. Nevertheless, the work on the PEDU, given the regulatory necessity to accommodate different IPs and strategic orientations under a single plan, encouraged greater inter-sectoral communication and political coordination.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The overall framework for the implementation of Strategic Plans for Urban Development is defined by the MA of the funding OP, in liaison with relevant public agencies and the Agency for Development and Cohesion (ADC, the national-level institution responsible for overall coordination of CP and domestic regional development policies). The MA is responsible for the final control of the eligibility of operations before approval, final approval of the selected operations, verification of the eligibility of expenses during execution, and establishment of monitoring and control mechanisms.

The strategy is implemented by the urban authority, which proposes the specific content of the action plans and is responsible for the selection of operations, organised in conformity with the procedures established at the OP level. The selection criteria to be applied to various types of operations were defined and adopted by the MA upon approval by the monitoring committee. The urban authority is responsible for selecting the submitted applications, verifying their compliance and applying the approved selection criteria. The urban authority is also responsible for organising project calls providing information to beneficiaries, and elaborating a document evaluating the quality of operations and justifying their relevance for the achievement of the strategy's objectives. At the technical/operational level, the municipality carries out procedures to ensure the smooth implementation of the strategy and its action plans. The PEDU will be monitored by the MA and the municipality.

Political and strategic coordination is to be ensured by a PEDU Coordinating Committee, while the overall monitoring (including analysis of the action plans' execution) will be performed by an Advisory Committee, integrating entities of relevance to the PEDU intervention areas (including local businesses, associations, Porto University, associations, political parties, etc.). The 'operational management' level covers external articulation of the PEDU with other municipal projects and entities, coordination of PEDU-related communication activities, and PEDU operationalisation and monitoring. The associated technical support structure comprises: (i) an administrative and financial management unit, ensuring administrative and financial procedures regarding applications and approved operations; and (ii) an operational management unit, with responsibilities relating to operations selection, physical and financial monitoring of execution, and PEDU monitoring and evaluation.

The PEDU management structure will use and feed the information system used by the Norte OP. To ensure the monitoring of the PEDU and its projects' implementation, an own-information system will also be maintained. The integrated information will cover different types of information resulting from relevant processes (administrative, financial and physical information regarding programming and execution), allowing the preparation of regular reports supporting monitoring, strategic review, external evaluation exercises and decision-making. Final reports vary in their level of analysis, ranging from basic reports on the financial and physical status of projects to annual implementation reports and evaluation reports. The biannual monitoring and interim evaluation reports are of particular importance, allowing analysis based on information with regard to context, (financial and physical) execution, level of results achieved, and identifying problems in a timely manner, to support efficient decision-making. The strategy governance model foresees several 'spaces for strategic reflection', including (i) monthly meetings of the PEDU Coordinating Committee as a mechanism for strategic review and decision-making; (ii) biannual meetings of the Advisory Committee, supported by biannual monitoring reports and evaluation reports, prepared by the operational management structure; and (iii) thematic think-tank meetings, particularly in the areas of mobility, rehabilitation and deprived communities. In addition, the PEDU structure will carry out work and implementation verification meetings with promoters / project managers of each plan, to discuss the conditions for project progression, identification of problems, and the proposal of solutions in a timely manner. As of February 2017, the PEDU management structure is in the process of being set up.

Special implementation arrangements

A Financial Instrument for Urban Rehabilitation and Revitalisation (IFRRU 2020) has been set up and will work in a coordinated way with the strategy. IFRRU 2020 presents a fund of funds set up through a separate block of finance that may be financed by all ROPs and the NOP for Sustainability and Efficient Use of Resources, and manages FIs for urban rehabilitation and revitalisation (including an increasing component of energy efficiency related to housing rehabilitation). FI-supported urban regeneration interventions include the participation of the municipality, which issues opinions on the strategic consistency of the proposed interventions with the urban development strategy. The PA established that EU funds targeting housing interventions as part of urban regeneration and renewal activities shall be mobilised exclusively through FIs and may not exceed one-third of the total amount of ESIF allocated to SUD. The proposal of the SUD strategy had to take into account the total allocation for the IFRRU foreseen in the ROP, the urban authority indicating a proposed amount intended for urban regeneration to be linked to this national FI. This is intended to give municipalities the funding guarantee of public investments involving economic activities in areas such as rehabilitation of housing and energy efficiency in private housing, buildings for commercial use, and public buildings and facilities with sufficient net revenues to repay the value of the investment financed. The FI is to be mobilised under IPs 6e and 9b. Its use was supported by the results of the ex-ante assessments of FIs under Portugal 2020. Porto suggested allocating 5 percent of the total PEDU amount for the IFRRU, but exactly how the instrument will work is not yet clear (including how the money will be distributed among municipalities).

Although SUD and CLLD present two distinct territorial instruments, supported by separate strategies, they complement each other. CLLD aims to promote strategic and operational collaboration between partners, focused on entrepreneurship and job creation, responding to poverty, social exclusion and unemployment problems in specific disadvantaged areas through local economic dynamism and revitalisation of local markets. Thus, there exists particular concurrence with SUD interventions under IP6e and, especially, IP9b. In terms of interactions to date, the municipal CLLD was used as a context frame for justifying the delineation of areas targeted under the PAICD. In particular, the PEDU foresees articulation of the physical regeneration component under the PAICD with corresponding interventions of social and economic nature covering the same territory and articulated within the overarching municipal Social Development Plan (SDP) for 2014-17, namely those pursued under CLLD and Local Contracts for Social Development (supported by ESF) as well as other interventions aiming to stimulate multi-dimensional integration of deprived communities.

Implementation progress

Since the programming and negotiation stage took longer than expected, the implementation process has been delayed. The establishment of the IB structure (and the corresponding management system) is in progress, expected to be in force in early spring, when the submission of projects can start. Despite this, the municipality feels 'comfortable' regarding the achievement of the contracted results by the time of the mid-term evaluation. Major concern relates to shorter-term developments. Thus, as a result of larger cities protesting against 'insufficient' allocations for PEDU implementation, new financing schemes have been launched, including special mitigation funds with broader geographical application, while the May 2017 deadline for projects' presentation has put considerable time pressure on Porto. Nevertheless, work on certain elements of the action plans has already started or is expected to start soon. Porto expects to exhaust its PEDU allocations quickly, and therefore new funding sources are being sought.

Evaluation

The system of strategy monitoring and evaluation is to operate at two levels – that of operations and that of the strategy as a whole, functioning throughout the whole lifecycle of the interventions. Internally, the operational management unit within the technical support structure has responsibilities relating to PEDU monitoring and evaluation. The strategy is subject to a mid-term evaluation in 2019, and as a result, may be subject to a

re-adjustment with regard to the management model and financial allocation, depending on the degree of achievement of the output and result indicator targets foreseen for 2018. As a separate exercise, the municipality is expected to carry out a mid-term evaluation of the operationalisation and first results of the strategy implementation, to be concluded by the end of the first quarter of 2019, based on the information reported by 31 December 2018. The final evaluation, to be carried out in 2023, will focus on the achieved results and impacts. Furthermore, articulation with the evaluation provisions of the Norte OP Evaluation Plan should be ensured. Thus, all urban development strategies will be subject to the 'Evaluation of the Impact of Public (ESIF co-financed) Urban Regeneration and Revitalisation Policies', which, among other things, aims to evaluate the initial achievements of the new SUD provisions, is expected to be launched in 2018, and will rely on the physical and financial implementation data from the ROP. Porto does not foresee major difficulties with regard to complying with the contracted indicators. In more general terms, however, the municipality expects the overbooking and PEDU low execution index by the end of the period to be a major problem in the nationwide context, due to the chain of delays accumulated over time.

2.3 GOOD PRACTICE AND LESSONS LEARNED

According to the urban authority, the development approach offered an opportunity to develop an integrated plan to serve a strategic framework for municipal activities over the longer term and as a reference frame for capitalising on other funding opportunities – stretching beyond the Norte OP scope. The municipality considers that the timeframes for PEDU elaboration and funding are inadequate for the scope of operations to be covered by an integrated, strategic plan, and they attach insufficient importance to the concept of 'strategic planning'. From the Porto perspective, certain steps in the decision-making and negotiation process were considered obscure or contradicting the initially foreseen arrangements, e.g. the introduction of 'new conditionalities' to guide PEDU quality evaluation, an 'additional' intermediate phase in the negotiation process, or new criteria for budgetary distribution that determined a fixed allocation in each IP, to be distributed equally in the totality of the PEDU presented under the OP – which, according to Porto, violated the principles of a competitive selection process. As a result of the new conditionalities, the final funding proposal was considered unsatisfactory both in terms of the proposed *amount* and the underlying *rationale*. Porto argued that the criterion for the financial allocation distribution should have corresponded to the nature and intensity of problems that the Urban Axis sought to solve, the proposed allocation thus seen as 'falling far short of the ambition, the execution capacity and the potential contribution of the Porto PEDU to the achievement of the goals proposed under the Urban Axis of the Norte OP'. In broader terms, Porto considered that the equal distribution approach disadvantaged municipalities with the highest intensity of urban problems.

The MA evaluates positively the PEDU elaboration process, which allowed conceptualisation of the future of cities and their surroundings, mobilised institutions and competences in various areas, and ensured citizen participation. This exercise in planning and prioritisation of investments was complex and time-consuming. Nevertheless, the MA views it as an exercise in good governance practices, expected to feed into the implementation of good projects and with good results. In addition, the MA expects this process to make a positive technical and political contribution to the implementation of public policies. The MA sees PEDUs as documents that structure the strategic vision and reflection of municipalities, incorporating action plans that in terms of both execution timeframe and financial requirements stretch beyond the programme period and the amount of available funding.

For Porto, the value of the PEDU is seen in its integrative capacity, allowing accommodation of various sectoral priorities and the already existing (or contemplated) intentions under a common strategic framework. The regulatory necessity of elaborating such a document may be seen as an incentive to pursue a strategic planning exercise, which is a positive and promising development nationwide. Ensuring synergies among the three axes of the strategy is seen as critical for successful implementation and the ability to tackle urban development problems in multiple dimensions.

Strategy fiche – ITI Danube Delta, Romania

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Non-SUD ITI
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Rural and intermediate region
Planning horizon	2030
Is the strategy new?	Completely new
Size of town/city	100,000 – 250,000 inhabitants

The Danube Delta (Biosphere Reserve Danube Delta) is the second-largest river delta worldwide, and it is universally known for its environmental and biodiversity value. The delta is a UNESCO World Heritage site and is included in the NATURA 2000 network. It is geographically located in the south-east of the country, at the border with Ukraine. Economically, the delta is one of the poorest areas of Romania, due to the almost complete lack of infrastructure and economic activities except for scarcely productive fishing and agriculture and some limited tourism industry. The ITI belongs to a NUTS 3 area with clear underdevelopment, having a 42 percent PPS PIB compared to the EU28 average (2012).

Targeted areas

The strategy covers the Danube Delta Reserve and the surrounding area, for a total of 38 local municipalities, encompassing four small/medium towns and 33 rural centres. The total surface covered by the area is around 7200 km² and its population is around 184,000.

Challenges and objectives

The main challenge is to tackle the underdevelopment of the area and improve the life conditions of its citizens, without putting the delicate natural features of the area at risk.

The ESIF investment priorities supported are as follows:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF / CF	1a, 1b	2a, 2b, 2c	3a, 3c	4a, 4b, 4c, 4d, 4e, 4g	5a, 5b	6a, 6b, 6c, 6d, 6e,	7a, 7b, 7c, 7d	8b	9a	10a	
ESF						6i, 6ii		8i, 8ii, 8iii, 8v, 8vi, 8vii	9i, 9ii, 9iv, 9v	10i, 10ii, 10iii, 10iv	11i
EAFRD		2a, 2b	3a		5a, 5c, 5d	6a, 6b					
EMFF	1a, 1d, 1e	2a, 2b, 2c, 2d		4a	5a, 5b						

The strategy defines two strategic objectives:

- to preserve the unique natural values through scientific-based environmental management and through the consolidation of the role of local communities as active protectors of this world natural heritage;
- to develop green and cohesive local economies based on sustainability and resource efficiency, valuing the comparative advantages of the area and benefiting from the support of improved public services.

Rationale and added value of the strategy

Romania chose the Danube Delta as its unique ITI from the preparation of the Partnership Agreement. The main reasons are:

- the absolute specificity of the area, which needs careful and strategically planned integrated development;
- the lack of competitiveness of the local economy and local actors, which have shown great problems in accessing EU Funds through conventional channels.

The added value expected from the strategy is the ability to guide development dynamics in a sustainable way, managing to synchronize the environmental needs of the protected area with the development needs of its inhabitants.

Implementation mechanisms

The ITI strategy will receive support from all the ESI Funds through all of the eight OPs funded in Romania. The national coordination will be guaranteed by the Ministry of Regional Development, with the support of the ITI Functional Working Group, active within the Partnership Agreement Management Steering Committee and involving all the competent managing authorities.

Funding arrangements

Type fund	Name fund	Total amount
ESIF	ERDF	€ 723.1 million
	ESF	€ 76 million
	Cohesion Fund	€ 107.64 million
	EMFF	€ 37 million
	EAFRD	€ 168 million
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Being considered	<i>Not available</i>
Private sector	Not considered	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The strategy was designed under the coordination of the National Ministry of Regional Development and Public Administration (MDRAP), in the period June 2013 to August 2016, when the final text was approved through a government decision. The MDRAP was supported by the consultancy of the World Bank Group. The process was complex and lengthy (SEA was also included), and the consultancy team had to be changed once, at the request of the MDRAP, in order to increase the effectiveness of the support. The strategy was approved by a government decision with legislative value.

Consultation process

Local authorities, while not participating directly in the drafting of the strategy, were continuously consulted in the process, making contributions both to the analysis and especially to the identification of the project portfolio. Representatives from firms' associations, NGOs and civil society also took part in the consultation, which mainly took the form of meetings at local level. Following the consultation, the draft strategy was adjusted several times, especially regarding the priorities of intervention and the project portfolio. Finally, the strategy was submitted for public consultation in the framework of the strategic environmental assessment (SEA) procedure.

According to the MDRAP, the consultation with the local authorities was considered a challenging phase: local authorities often focused on their own low-scale interest, while the overall general interest represented by the strategic objectives and the special needs of protected areas were to some extent difficult for the local actors to accept. For example, the MDRAP's attempt to procure a short list of key strategic projects for the sustainable development of the area failed. On the other hand, some local actions, related for example to large tourism infrastructure, were rejected by the MDRAP as not consistent with the strategic objectives.

Links to domestic pre-existing strategies

The ITI Danube Delta is a completely new strategy. The area as such was never defined/delimited before, so this is the first strategic document to plan its development. The strategy is consistent with pre-existing strategies at different territorial levels, such as national, regional and county development strategies, as well as with the EU priorities for the macro-regional level (SUERD covers the area, of course). Cross-border aspects (the area borders Ukraine) were taken into consideration mainly within the SEA procedure.

Measuring the effectiveness and added value of the strategy

The strategy includes a chapter that outlines the description of the monitoring and evaluation system. The responsibility for monitoring is split between the local level (ADI ITI DD), which will report every three months, especially on financial and procedural aspects (for instance, problems of implementation at project level), and the MDRAP, which will conduct the overall monitoring of the programme. The strategy contains two sets of indicators: the first one, comprising result and impact indicators to measure the impact of the overall strategy in the affected area, basically corresponds to the socio-economic and environmental Europe 2020 indicators; the second one, which is more detailed, contains output indicators at the level of specific sectors of intervention. Baseline and target values, however, are not quantified for either set. An evaluation system has also been set up (see the specific section below for details).

Key challenges

The main challenge has been identified as the difficulties in interacting with the local authorities, and the measure in which they have been sharing and contributing to the top-down-identified strategic objectives of the strategy (see above).

The process of developing and approving a strategy was also very lengthy (lasting more than three years). Repeated changes in the management of the ADI ITI DD during this period as well as the complex inter-institutional architecture may have contributed to this situation.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The implementation of the strategy is managed at national level, by the MDRAP, based on an inter-institutional agreement with all the other ministries involved, including the MAs of the programmes supporting ITI.

At local level, a new body has been created, namely an association of all the municipalities covered by the area (ADI ITI Delta Dunarii), whose structure and staff are financially covered by technical assistance.

The role of the local level (represented by ADI ITI DD) is limited and comprises the following tasks, in chronological order:

- prioritisation of the projects included in the strategy;
- support to potential beneficiaries to prepare funding applications;
- support to beneficiaries to implement/manage the projects, through management consultancy related for example to the implementation of public procurement procedures; and
- monitoring and periodic reporting to the MDRAP on the implementation of projects.

The procedures for selecting, funding and implementing projects are autonomously and separately established by each relevant MA of the OPs participating in the funding of the ITI: projects belonging to the strategy, after having been prioritised by the local level, need to apply to specific ITI-oriented calls issued and managed fully by these MAs. The project funding and implementation becomes, in other words, a bilateral relation between the beneficiary and the MA of the OP involved.

Special implementation arrangements

The strategy has a very conventional approach regarding the forms of funding, as all the interventions are foreseen to be implemented through non-repayable grants. This is probably due to the very undeveloped status of the local economy, to the almost exclusive attention given to infrastructure, as well as to the scarce administrative capacity of the potential beneficiaries. However, as local co-financing is a structural problem of the area, greater attention to financial instruments could have been considered. The development of this kind of intervention in Romania is in any case very low in all fields of the ESIF.

CLLD will be part of the implementation of the strategy, to the extent that Priority Axis 4 Leader of the National Rural Development Plan will contribute to its funding, by supporting some already existing LAGs situated in the strategy area. Hence, CLLD is not a general implementation approach of the strategy but a specific (and traditional) approach to continue to support local rural development within the strategy territory.

The ITI DD will be financed by all ESI Funds allocated to Romania for the 2014-20 period: ESF, ERDF, CF, EARDF and EMFF. However, from the operational/procedural point of view, the degree of integration among the funds is minimal, as each fund/OP will cover separate projects through separate calls and funding procedures.

Implementation progress

The implementation process started at the end of 2016. After the formal approval of the strategy in August 2016, the first customised calls from the OPs were published and the first set of projects were submitted. At the moment, no projects have received funding, with the exception of the technical assistance project funding the functioning of the ADI ITI DD.

Evaluation

An evaluation system has been set up, under the responsibility of the MDRAP, aiming to evaluate, based on the data provided by the monitoring system, the degree to which the strategy has contributed to its strategic objectives. In addition, the extent to which the strategy contributes to the objectives of the funding OPs will also be evaluated.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Considering the difficulties of the design phase and the delays in implementation, it is not possible to identify, at this stage, any good practice.

The idea of a territorial integrated approach to development is very appreciated in Romania. The MDRAP reported the government's intention to extend this methodology to more areas within the national territory, probably outside the ITI mechanism, but making use of national arrangements for coordinating the intervention of the funds.

However, although ITI DD is the first experiment of this kind, it is not considered to be best practice. The difficulty and length of the planning phase, with the responsible authority not fully content with the final results, require attention to identify aspects to be improved in future.

A comment must be made on the consistency of the financial allocation, which now appears vast (€1.1 billion), compared to the absorption capacity of the area and the particular environmental limitations conditioning the development dynamics. The MDRAP expects a low absorption rate (around 30 percent), and this will require re-allocation mechanisms at OP level in order to guarantee the absorption of these resources in other interventions.

Moreover, the large amount of available funding appears to have conditioned the approach of local actors in the consultation processes, with all of them producing very long lists of projects, scarcely verified for their feasibility and consistency with the strategic approach to the development of the region.

The exclusive focus of the strategy on infrastructure or in any case projects of a public nature appears limiting. Although challenging in terms of state-aid rules, wider integration with private interventions should be considered in future.

Finally, the already mentioned difficulty of the local consultation process should stimulate some reflection on finding better alternatives to the adopted planning approach, according to which the strategy is basically prepared by the national level with a top-down approach, and the territory is then requested to express project ideas and prioritise them.

Strategy fiche – Ploiesti, Romania

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	250,000 - 500,000 inhabitants

The Growth Pole (GP) Ploiesti is geographically located in the south-east of Romania, 60 kilometres north-east of Bucharest. The area is considered an integral part of the Territorial Development Axis Brasov-Ploiesti-Bucuresti-Giurgiu-Bucuresti, which is regarded as the development backbone of the southern part of the country.

From an economic point of view, GP Ploiesti is a traditional heavy industry centre, having represented the strategic oil refinery pole of the country for decades. Since the fall of the Communist regime the power and the importance of refineries has considerably reduced, but industry in general remains the most important economic sector of the area. The oil industry, though not as competitive as it used to be, maintains the leading position, followed now by other rapidly growing industrial sectors such as food, mechanical, chemical and automotive products. The GP belongs to a NUTS 3 area with clear underdevelopment, having a 51 percent PPS PIB compared to the EU28 average (2012).

Targeted areas

The Strategy for Integrated Urban Development (*Strategia Integrata de Dezvoltarea Urbana, SIDU*) for the GP of Ploiesti covers the area belonging to the growth pole, as formally established by Government Decision (*Hotararea Guvernului, HG*) 998/2008. This legal basis defines growth poles as the territory covered by a major urban centre (ranked 0 or 1 according to the national classification, for a total of eight) and its surrounding area of influence. Accordingly, GP Ploiesti is composed of 14 different administrative units: municipalities, including Ploiesti, the county capital, three small towns (classified as such according to the Romanian national system) and 10 rural municipalities (*Comune*). The total surface covered by the area is around 609 km² (predominantly rural) and its population is around 327,000 inhabitants.

Challenges and objectives

The SIDU represents the comprehensive development strategy for all fields of policy in the area for the 2014-20 period. Accordingly, a very wide set of needs/challenges is identified for each policy field.

The strategy identifies three strategic objectives, as follows.

- Strategic Objective A: Supporting integrated and sustainable economic development through new energies and technologies.
- Strategic Objective B: Sustainable territorial development through improvement of urban infrastructure and the relationship between rural and urban areas.
- Strategic Objective C: Development of human capital by assuring equal access of all citizens to public services of good quality.

ESIF investment priorities supported are as follows:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4e		6e			9b	10a	

Rationale and added value of the strategy

In continuity with the PIDU (Integrated Plan of Dezvoltarea Urbana), which was prepared for the previous programme period, the SIDU has been designed with the purpose of representing a comprehensive development strategy for the growth pole for the programme period, covering all possible fields of development policies. In this way, it represents the vision of the territory concerning the priorities for public funding from any level of governance for the 2014-20 programme period.

Implementation mechanisms

According to the national-level arrangements for the funding of SIDUs, the strategy will be implemented with funding contributions from several national ESI Funds programmes. However, only one programme (ERDF POR OP) has a specific priority axis (PA No.4) completely devoted to urban strategies, with pre-allocated funds per area and with the operational involvement of urban authorities according to Article 7 of the ERDF regulation. The contribution of the other OPs to the SIDUs will take the form of priority scores that will be assigned in the project assessment phase following pertinent calls, to projects coming from the local portfolio annex to the SIDU.

Funding arrangements

From a local point of view, the strategy includes several ESI Funds, such as ERDF, EAFRD and ESF. Other national sources and local budgets are also mentioned among the possible funding sources. However, there is a lack of certainty about the effective availability of these resources. In conclusion, the strategy does not come with an overall financial plan. For this reason, the only value indicated in the following table is the one related to the pre-allocation established for SIDU PC Ploiesti within ERDF OP POR, Priority Axis 4.

Type fund	Name fund	Amount
ESIF	ERDF	€ 45.39 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The process of drafting the strategy started in 2014, based on the provisions about SUDs contained in the Partnership Agreement and in the POR OP. The drafting started and finished before the opening of the procedure for funding SUDs by the MA of the POR OP, which had still not commenced at the time of drafting the present report. The launch of this procedure is scheduled for the first months of 2017. The MA published draft guidelines for consultations midway through 2016, and they have informed the drafting process of the strategy.

Local authorities were not involved in the front line of the process, which instead started with a regional initiative. The Romanian branch of the World Bank Group was in charge of drafting the strategy, based on a consultancy contract signed with ADR Sud-Muntenia (the pertinent regional development agency, intermediate body of the POR OP) and financed through the ERDF Technical Assistance Programme 2007-13. This arrangement follows a series of TA activities performed by the World Bank for the Ministry of Regional Development, with the objective of supporting the Ministry's Growth Poles Policy. It started in 2012 and has continued in the 2014-20 period.

For GP Ploiesti, the approach to drafting was based on guaranteeing a continuation of the previous strategy (PIDU) of the Growth Pole, in force during the 2007-13 period. The draft was prepared without any specific guideline about its content or its structure, as the POR OP MA preferred not to issue strict guidelines on this matter. Local authorities had no formal involvement in the drafting process, as the consultancy contract was signed between the World Bank and ADR Sud-Muntenia. However, they were constantly kept involved, in particular the Municipality of Ploiesti, both by providing data for the context analysis and by actively taking part in the consultation process.

The identification of the needs, priorities and interventions was made irrespective of the possible funding source. The strategy comes together with a portfolio of 464 projects or project ideas proposed by the local public authorities and organised based on the structure of objectives. A shorter list is also provided, indicating the possible sources of funding. For the specific purposes of Priority Axis 4 of the POR, the OP is supposed to fund SIDUs as SUD based on ERDF Article 7. This list is elaborated taking into account the budget pre-allocated in the OP for the specific area.

Despite being launched and formally managed at regional level, the drafting of the strategy needed to conclude with formal approval at local level, in order to fulfil the criteria for the national selection of SUDs. Accordingly, the Municipality of Ploiesti approved the strategy at local level with a local council decision on 30 May 2016. Moreover, the ADI Pol de Crestere Ploiesti (association of the 14 municipalities involved in the growth pole, in charge of its coordination) approved the strategy shortly after.

An ex-ante evaluation/quality peer review of the strategy is not expected. However, the regional development agency (ADR) has taken care of verifying the quality of the work, while also guaranteeing its consistency with the existing regional strategies.

Consultation process

The drafting included a consultation process, mainly addressed to the local authorities for the purpose of collecting project ideas to be included in the portfolio annex to the strategy. However, other local actors such as NGOs, the chamber of commerce and firms' associations have been involved. No specific arrangement was made to guarantee the involvement of the less institutionalised actors, but there was active participation by a representative of the Roma community. The consultation took the form of meetings,

surveys and even an internet-based public consultation, launched within the framework of the SEA procedure.

Links to domestic pre-existing strategies

The strategy is strongly linked with the GP PIDU 2007-13, the Growth Pole development strategy for the previous programme period, of which it represents a continuation. This aspect is particularly evident considering that the structure of the strategic/sectoral objective of the strategy is built upon the one of the PIDU, slightly adapted to the new period. Moreover, a large part of the text is dedicated to the analysis of the implementation status of the previous PIDU, including tables detailing progress in the projects that were included.

Due to the involvement of the regional development agency in the design process, the strategy has a high level of consistency with the existing strategy and plans at local and regional levels.

Measuring the effectiveness and added value of the strategy

The measurement of effectiveness, added value and impact at local level of the strategy is a particularly weak aspect of the Romanian approach to SUDs. There is no arrangement at POR OP level or in the guidelines for funding (available to the public in a draft version, submitted for consultation in August 2016) about specific monitoring or evaluation arrangements for the strategies that will be considered for funding. Furthermore, no specific indicators for effectiveness/added value are required to be introduced in the strategies, and the urban authorities will not be requested to perform monitoring and/or evaluation activities.

Accordingly, SUD strategies will be covered by programme monitoring and evaluation functions within their ordinary systems and procedures, functional only at project level, with no particular arrangements to measure effectiveness and added value at territorial/integrated level. The OP POR evaluation plan does not contain any reference to possible evaluation studies to be performed at territorial level, with reference to the SUDs that will be financed. As such, the measurement of effectiveness and added value of the strategies is left to possible voluntary arrangements of those local authorities that are willing to establish an autonomous monitoring and evaluation system that includes implementation operations to which ESI Funds will not contribute.

In the case of the SIDU for the GP Ploiesti, the strategy contains no indicators for measuring its added value, effectiveness, or even outputs. As a logical consequence, no monitoring or evaluation arrangements have been established. The Ploiesti strategy includes a comprehensive analysis of the territory, a SWOT analysis, the establishment of a vision and general objectives, as well as a portfolio of projects to be considered for funding. The absence of an operational structure breaking down the general objectives into specific ones, or the vision into priorities/measures, represents an important weakness of the document. This methodologically complicates the establishment of a set of indicators, at least not without heavily revising the structure of the strategy. In this context, the local authority has confirmed that, in the absence of requirements established at national level, the focus of the local system is on the identification of a consistent number of projects, while the need for a planning instrument with operational features does not appear as a priority.

Key challenges

According to the interviews performed, the drafting of the strategy did not represent a particular challenge. The previous experience in the area in relation to developing strategies and the involvement of high-level consultancy (World Bank) can be considered an advantage.

Some difficulties were encountered in gathering appropriate statistical data for the analysis (often not available at the right territorial level) and in positively involving local

stakeholders for contributions, beyond their interest in submitting specific projects/project ideas to the portfolio.

The lack of interest in having a planning instrument that goes beyond a list of projects, with operational arrangements for its monitoring and evaluation, appears to be an unsolved challenge.

Moreover, the elaboration of a strategic document in the absence of basic methodological and content-related guidelines from the national level has evidently (in our opinion) affected the general quality of the strategy.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

At national level, specific arrangements for the management and implementation of SUD strategies have been established exclusively for the selection of projects for funding. After each SUD strategy is submitted and approved by the MA, urban authorities are required to express a prioritisation of their projects suitable for funding under Priority Axis 4 of the OP POR. This prioritisation automatically leads to the funding of the identified projects, unless further eligibility checks, for which the MA is responsible, will exclude them. For the purpose of the selection procedure, the Municipality of Ploiesti is supposed to be appointed as the urban authority, but the choice has not been made yet, as the alternative possibility of appointing the ADI (association of the municipalities of the Growth Pole) is still being considered.

The procedure will allow urban authorities, at the same time, to express a prioritisation of projects suitable for funding outside Priority Axis 4 of the POR OP, by other PAs of the same OP, and by other OPs/Funds. This prioritisation will lead to an additional score being assigned to projects when they are eventually submitted to the selection procedures of other PAs of the POR OP/other OPs. After gaining funding, the implementation rules for funded projects belonging to SUD strategies apply to project beneficiaries just as much as to 'ordinary' non-SUD beneficiaries. No specific provision is made for the management of SUD at strategy level, and urban authorities have no role after participating in the project selection.

Possible arrangements for local coordination of the strategy implementation and monitoring are left to the local level. In the case of the SIDU GP Ploiesti, the strategy does not mention any relevant arrangement.

Special implementation arrangements

The projects contained in the portfolio of the strategy are supposed to be funded through traditional non-repayable grant schemes.

No reference is made in the strategy to the use of financial instruments.

CLLD is foreseen as an instrument for approaching urban development in the implementation of Romanian ESI Funds, but this intervention covers a smaller category of towns and does not overlap with the SUD schemes, which relate to the major urban centres of the country.

Implementation progress

Although the strategy has been finalised and approved at local level, the procedure for the submission of SUD projects for the approval of the MA will only be launched at the beginning of 2017. Accordingly, implementation has not yet started at project level, with the exception of some projects that, although mentioned in the strategy, will not participate in the SUD-specific funding procedure and will enter the regular funding channels. Some of these projects have already been submitted, but they have not yet been selected.

Evaluation

An evaluation of the strategy is not foreseen, either within the OP evaluation plans or with resources at local level.

2.3 GOOD PRACTICE AND LESSONS LEARNED

Potential good practice can be identified in the planning approach that, as for all SUDs in Romania, identifies the strategy as a general development-planning instrument, establishing needs and interventions for all the fields of development policies. In this way, the strategy facilitates the identification of a very high number of strategic projects covering all fields of social, economic, environmental and even cultural development, irrespective of the possible funding source. However, only some of these projects will achieve priority status after submission, as the formal involvement of OPs different from POR in the SUDs mechanism is limited.

Although the process for SUDs in Romania is only in the start-up phase, there already appear to be some lessons that can be learned, as follows.

At national level, on the national SIDU (SUD) mechanism:

- The delay of the process will most probably affect the quality of the implementation, considering that, as foreseen by the MA, the first projects will not receive funding before the end of 2017, after four full years of the programme period.
- The procedure to launch the selection and approval of SUD strategies which is set to commence in 2017 appears excessively complicated, with repetitive rounds of submission/assessment for the approval of the strategy. Furthermore, even after approval, projects belonging to SUD strategies will have to be submitted again to a call and be evaluated. The multitude of documents, steps and subjects involved creates a risk that integrated local strategies will not be perceived as a simpler and faster way to develop urban communities, but as a bureaucratic exercise to be avoided in the next programme periods.
- The limited role of urban authorities in the process, and the absence of any provision regarding the territorial management, monitoring and evaluation of local strategies, appears as a lost opportunity to generate interest and participation of communities in planning their own development. Instead, this interest already appears mostly focused on the collection of project portfolios.
- The exclusive focus of SUD on infrastructure or projects of a public nature is a limitation. Broader integration with private interventions, although challenging with regard to state-aid rules, is not impossible and should be considered in future.

At local level, on the elaboration of the SIDU for the GP Ploiesti:

- The lack of intervention logic, with a set of general objectives directly reflecting on a portfolio of projects, compromises the scope to manage, monitor and evaluate the strategy, which basically consists of a 'shopping list' of projects and interventions.
- Monitoring and evaluation do not appear as priorities of the territory, as, despite many local actors being involved, the need for a set of indicators and monitoring arrangements has not been expressed. The local community should be assisted in considering the benefits of having a consistent, operational instrument that would facilitate the management – or at least the awareness – of the local development dynamics.

Strategy fiche – Timisoara, Romania

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development
Type of region	Less Developed Region
Implementation mechanism	Multi-thematic priority axis
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	250,000 – 500,000 inhabitants

The Growth Pole (GP) Timisoara is geographically located in the north-west of the country, 571 km from Bucharest, within the NUTS 3 RO424 Region 'Judet Timis', included in the NUTS 2 RO42 Region 'Regiunea Vest'. The GP represents the most important urban centre of the west of the country, with a high level of transport connections to central Europe and traditionally open to many cultural, ethnic and religious influences.

From the economic point of view, GP Timisoara is characterised by an equal importance between the industry sector and the service sector. Industry, predominant in the past, is now mainly represented by automotive, electronics, chemical and food productions. Services are mainly focused on commerce – maintaining its traditional importance due to the strategic position of the town in international transport networks – and rapidly increasing activities in relation to communications technology and IT. The GP belongs to a NUTS 3 area that is considered slightly underdeveloped compared to the EU average. Despite being among the most advanced in Romania, it has a 71 percent PPS PIB compared to the EU28 average (2012).

Targeted areas

The Strategy for Integrated Urban Development (*Strategia Integrata de Dezvoltarea Urbana, SIDU*) for the GP of Timisoara covers the area belonging to the growth pole, as formally established by Government Decision (*Hotararea Guvernului, HG*) 998/2008. This legal basis defines growth poles as the territories covered by a major urban centre (of rank 0 or 1 according to the national classification, for a total of 8) and its surrounding area of influence. Accordingly, GP Timisoara comprises 15 different administrative units: municipalities, including Timisoara (the capital), and 14 rural municipalities (*Comune*). The total area is around 1080 km² (predominantly rural).

Challenges and objectives

The SIDU represents the comprehensive development strategy for all fields of policy for the area in the 2014-20 period. Accordingly, a very wide set of needs/challenges is identified for each policy field.

The strategy adopts a very structured system with one general objective and five strategic objectives, eventually split into programmes and measures. The general objective is 'to consolidate the polarising role of Timisoara, through responsible and smart development, the promotion of excellence in education, research and business, the ensuring of a quality urban space, with a multicultural, creative and prosperous society, connected to European values'. The five strategic objectives are:

- Increase economic competitiveness and innovation capacity through smart specialisation.

- Develop integrated, complex and flexible infrastructures and a smart traffic management system, with the view of increasing accessibility and mobility.
- Ensure an intercultural, cohesive and dynamic social environment, open to growth and inclusion.
- Ensure an ecologic environment, comfortable and attractive.
- Ensure smart, inclusive and transparent public administration.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF				4e		6e			9b	10a	

Rationale and added value of the strategy

In continuity with the PIDU (Integrated Plan of Dezvoltarea Urbana) prepared for the previous programme period, the SIDU is designed with the purpose of representing the comprehensive development strategy for the growth pole for the programme period, so covering all possible fields of development policies. In this way, it represents the vision of the territory regarding its priorities for public funding from any level of governance for the 2014-20 programme period.

Implementation mechanisms

According to the national level arrangements for the funding of SIDUs, the strategy will be implemented with funding contributions from several national ESI Funds programmes. However, only one programme (ERDF POR OP) has a specific priority axis (PA4) completely allocated to urban strategies, with pre-allocated funds per area and with the operational involvement of urban authorities according to Article 7 of the ERDF regulation. The contribution of the other OPs to the SIDUs, although foreseen in the Partnership Agreement, is not automatic and will take the form of some priority score to be assigned in the project assessment phase, following pertinent calls, to projects coming from the portfolio annex to the SIDU, as prioritised by the urban authority.

Funding arrangements

From a local point of view, the strategy addresses several ESI Funds, including ERDF, EAFRD and ESF. Other EU and national sources, as well as local budgets, are mentioned among the possible funding sources. However, with the uncertainty about the effective availability of a great part of these resources, the strategy does not come with a comprehensive financial plan.

With the exception of those initiatives falling within the scope of ERDF OP POR Priority Axis 4, which has been created for the purpose of funding SUD and that comes with a system of pre-allocation for specific area, no other actual funding arrangement is made. For this reason, the only value indicated in the following table is the one related to the pre-allocation established for SIDU PC Timisoara within ERDF OP POR, Priority Axis 4.

Type fund	Name fund	Amount
ESIF	ERDF	€ 55.88 million
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Local budgets, ministry Funds, PPP	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The process of drafting the strategy started in 2014, based on the provisions about SUD contained in the Partnership Agreement and in the POR OP. The drafting started and finished before the opening of the procedure for funding SUD by the MA of POR OP, which is still unavailable at the time of drafting the present report. The launch of this procedure is foreseen for the first months of 2017. The MA published draft guidelines for consultation midway through 2016, and they have been taken into account in the drafting of the strategy.

The Municipality of Timisoara has coordinated the drafting of the strategy, which was carried out, in large part, by the Department of Geography in the West University of Timisoara. ADR Vest (regional development agency, and intermediate body for the OP POR) has been constantly involved in consultation, as well as the other municipality members of the GP, along with Timisoara.

The drafting proceeded without any specific guidelines on content or structure, as the POR OP MA preferred not to issue strict guidelines on this matter. This factor was considered a problem by the local actors, together with the fact that the drafting process was carried out without any clear knowledge of the procedure for funding SUD from the POR OP.

The identification of needs, priorities and interventions was performed irrespective of possible funding sources, which may include, besides ESIF, local budgets, national funds and even other EU sources. The strategy comes together with a portfolio of 367 projects or project ideas proposed by the local public authorities and spread over the structure of objectives, programmes and measures. For each project, a preliminary assessment of maturity is provided, as well as an indication of the possible source of funding.

At local level, the strategy has been approved formally through a decision of the Council of the Municipality of Timisoara on 10 May 2016 and a subsequent decision of the ADI GP Timisoara (association of the 15 municipalities involved in the growth pole, in charge of its coordination). The approval of the strategy was assisted by the closure of the correspondent SEA procedure and its associated public consultation.

A full ex-ante evaluation/quality peer review of the strategy is not anticipated. However, the Regional Development Agency (ADR) has verified the quality of the work and also ensured its consistency with the existing regional strategies.

Consultation process

The drafting has included a consultation process, which had the purpose of validating and completing the conclusions of each step of the preparation of the strategy, from the analysis of the context to the setting of programmes and priorities. Participants included all the local authorities of the area, NGOs, chambers of commerce and firms' associations along with civil society. Particularly remarkable, from this point of view, was the active

participation in the consultation of the 'Consultative District Council', informal assemblies of private citizens established in each quarter of Timisoara. Harder-to-reach parts of civil society have been involved thanks to the promotional activity that the university carried out for the consultation process. Public bodies in charge for the care of disabled persons also participated in the consultation. The consultation took the form of meetings, focus groups and even an internet-based public consultation, launched within the framework of the SEA procedure. The final content of the strategy was drafted taking into account the contribution of the consultation; when appropriate, draft documents were changed following observations from the stakeholders consulted.

Links to domestic pre-existing strategies

The strategy is the continuation of the pre-existing GP PIDU 2007-2013, the development strategy of the growth pole for the previous programme period. However, it comprises a completely new draft, not bound by any aspect (priorities, objectives) of the strategy of the previous period.

The local administration is experienced in development strategies: the first economic development strategy for the Timisoara area dates back to the year 2000. The new strategy has a high level of consistency with existing strategies and plans at local and regional levels, for the latter especially due to the involvement of the regional development agency in the process. The external consistency of the strategy was also assessed against national sectoral plans and the main EU strategic documents.

Measuring the effectiveness and added value of the strategy

The measurement of effectiveness, added value and impact at local level of the strategies is a particularly weak aspect of the Romanian approach to SUD.

There is no arrangement at POR OP level or in the guidelines for funding (available in a draft version to the public, submitted for consultation in August 2016) about specific monitoring or evaluation arrangements for the strategies that will be considered for funding. No specific indicator of effectiveness/added value is required to be introduced in the strategies, and urban authorities will not be requested to perform monitoring and/or evaluation activities. Accordingly, SUD will be approached by programme monitoring and evaluation functions through ordinary systems and procedures, functional only at project level, with no particular arrangements to measure effectiveness and added value at territorial/integrated level. Even the OP POR evaluation plan, with reference to the SUD that will be financed, contains no reference to possible evaluation studies to be performed at territorial level.

In this way, the measurement of effectiveness and added value of the strategies is left to possible voluntary arrangements of those local authorities willing to establish an autonomous monitoring and evaluation system – to the creation/implementation of which ESI Funds will not contribute. In the case of the SIDU for the GP Timisoara, the strategy provides for a consistent set of indicators for monitoring and evaluation of impacts and results. This set contains:

- result indicators (employment rate, CO₂ emissions, education level rates) quantified for both baselines and targets;
- output indicators, established per strategic objective, with quantified targets.

Indicators were chosen to be consistent with those established in the main funding OP (OP POR), but also to represent a tool for the appropriate measurement of results and impacts at territorial level.

From the set of indicators, a well-developed system of monitoring and evaluation, completely managed at local level and independent from the monitoring and evaluation dynamics of the funding OP, has been established (see below).

Key challenges

According to the interviewees, the drafting of the strategy did not present a particular challenge. The previous experience of the area with strategies represented an advantage. Some problems arose because of the absence of a clear regulatory framework at OP level for the implementation of the SUD mechanism. Until the draft guidelines for funding are published by the MA of POR OP, the process must move forward 'in the dark' and even slow down.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

At OP level, specific arrangements for the management and the implementation of SUD have been established exclusively for the phase of selection of projects for funding. On this specific aspect, after each SUD project is submitted and approved by the MA, urban authorities are required to express a prioritisation of projects suitable for funding under Priority Axis 4 of the OP POR. This prioritisation will automatically lead to the funding of the identified projects, unless the further eligibility checks, for which the MA is responsible, exclude them. At the same time, the procedure will also allow urban authorities to prioritise projects suitable for funding by other PAs of the same OP, and even by other OPs/Funds. This prioritisation will assign an additional score to projects when they are submitted to the selection procedures of other PAs of POR OP, and other OPs.

After gaining funding, the implementation rules for funded SUD projects apply to project beneficiaries just as to 'ordinary', non-SUD beneficiaries. No specific provision is made for the management of SUD at strategy level, and urban authorities have no role after the participation in project selection.

Possible arrangements for local coordination of the implementation of the strategy and its monitoring are left to the local level. In the case of SIDU GP Timisoara, the strategy contains a chapter describing a rather complex system for its local management. According to these provisions, the coordination of the strategy will be assured by the ADI (inter-municipality association) GP Timisoara and its internal structures, as completed/modified for this specific purpose. The ADI will also be appointed as an urban authority. An implementation structure (SI) will be created within the ADI, with responsibility for the implementation of the strategy and coordinating the beneficiaries of the individual projects.

The SI will be responsible for preparing detailed annual implementation plans for the strategy and annual financial plans updated with the latest funding perspectives on the various projects. Moreover, the SI is in charge of periodic reporting to the ADI decision-making bodies about the implementation of the strategy; these reports will include quarterly monitoring reports and annual evaluation reports, highlighting the results of the strategy compared to the established targets.

Among the decision bodies of ADI to which the SI will report periodically about the implementation of the strategy, there is a 'Consultative Committee' where local authorities comprising the ADI sit with various representatives of the economic sector, education institutions and civil society. In practice, this gives the strategy a permanent partnership forum similar to the monitoring committee of an OP.

This approach, which in some parts may appear excessively complicated, provides a complete management system for the strategy. It would be important to verify whether any change/simplification would be initiated if the MA confirmed its intention not to dedicate any financial resources to cover the activity of urban authorities and of local implementation systems of SUD in general.

Special implementation arrangements

The projects contained in the portfolio of the strategy are supposed to be funded through traditional non-repayable grants schemes. No reference is made in the strategy to the use of financial instruments.

CLLD is foreseen as an instrument for approaching urban development in the implementation of Romanian ESI Funds, but this intervention covers a smaller category of towns and does not overlap with the SUD scheme, which is related to the major urban centres of the country.

Implementation progress

Although the strategy has been finalised and approved at local level, the procedure for the submission of SUD projects for approval by the MA will only be launched at the beginning of 2017. Accordingly, nothing has started, not even at project level, with the exception of some projects that, although mentioned in the strategy, will not be involved in the specific funding procedure for SUD and will enter the regular funding channels. Some of these projects have already been submitted, but they have not yet been selected.

Evaluation

While an evaluation of the individual SUD initiatives is not foreseen, the strategy provides for periodic evaluation within the OP evaluation plans, with evaluation reports produced by the local implementation structure for the benefit of the local decision-makers. Evaluation will focus on effectiveness and timeliness of implementation of the projects, drawing conclusions compared to the targets established at strategy level.

2.3 GOOD PRACTICE AND LESSONS LEARNED

As with all SUD in Romania, the SIDU of GP Timisoara represents a general development planning instrument, establishing needs and interventions for all the fields of development policies, independently from the funding source and from its actual availability.

This aspect, for the specific case of the SIDU GP Timisoara, should be considered together with the important local management and implementation arrangements that are described in the strategy, and that seem suitable to couple the comprehensive scope of the document with an effective local management system. Should this approach be confirmed once the implementation period has started, the strategy would represent best practice for the capacity of the territory, providing a local governance system for all development policies, able to channel funding and to coordinate local projects, while guaranteeing programming consistency and participation.

Although the process for SUD in Romania is only in its initial phase, there already appear to be lessons that can be learned, as follows.

At national level, on the national SIDU (SUD) mechanism:

- The delay in the process will probably affect the quality of the implementation, considering that, as foreseen by the MA, the first projects will receive funding not before the end of 2017, which means after four years into the programme period.
- Despite the delay, the procedure supposedly to be launched at the beginning of 2017 appears excessively complicated, with repetitive rounds of submission/assessment for the approval of the strategy, at the end of which projects belonging to SUD will have to be submitted to a call again and be evaluated. The multitude of documents, steps and subjects involved is more than enough to generate risks that integrated local strategies will not be perceived as a simpler and faster way to secure the development of urban communities, but as a bureaucratic exercise to be avoided in subsequent programme periods.
- The limited role of urban authorities in the process, and the absence of any provision regarding the territorial management, monitoring and evaluation of local

strategies, appears as a lost opportunity to generate interest and participation of communities in the planning of their own development, interest that even today appears mostly focused on the collection of project portfolios.

- The exclusive focus of SUD on infrastructure or projects of a public nature appears limiting. Wider integration with private interventions, although challenging with respect to state-aid rules, is not impossible and could be better considered in future.

At local level, on the elaboration of the SIDU for the GP Ploiesti:

- The involvement of the local university in the drafting of the strategy seems to have brought very good results, in terms of both the quality of the document and the associated consultation process.

Strategy fiche – Stockholm, Sweden

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Operational Programme
Geographical scope	Functional urban area / Metropolitan area
Planning horizon	2020
Is the strategy new?	Existed but slightly adapted
Size of town/city	1,000,000 – 5,000,000 inhabitants

The Stockholm region has approx. 2.2 million inhabitants in 26 municipalities. During the 2007-13 programme period, the region had a population growth of approx. 35,000 people per year. Key strengths of the region include a high education level in the labour force, strong educational institutions, a dynamic and knowledge-intensive business community, and the location of a number of multinational companies' headquarters in the region. The region had an average level of unemployment of 7.1 percent in 2014, which is below the national average of 8 percent. Average gross domestic product (GDP) during the 2008-13 period was €117,346, or about 31 percent of the national total.

Targeted areas

The SUD strategy targets the entire Stockholm region, not focusing on selected urban areas. The regional development strategy for the Stockholm region was initially developed in 2010 and then renewed in 2015 as *RUFS 2050*, an integrated urban development strategy. *RUFS 2050* forms the basis for both the ERDF Operational Programme (OP) for Stockholm 2014-20 and the ESF Regional Action for Stockholm.

Challenges and objectives

The challenges identified for the Stockholm region are mainly associated with the extensive population growth which results in different forms of capacity shortages, particularly in transport infrastructure and the housing sector. The challenges identified in the OP include: (i) the limited capacity of the Swedish innovation system, (ii) promoting the growth of SMEs and their role in the regional innovation system, (iii) innovation as a tool for reducing climate impact, and (iv) reducing social exclusion and strengthening cohesion. In order to address these challenges, three thematic objectives are prioritised: strengthening research and technological development; increasing the competitiveness of SMEs; and supporting the transition to a low-carbon economy in all sectors.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF/ESF	1b		3d	4f							

Rationale and added value of the strategy

In a national comparison, the total budget is small and the Stockholm region does not depend on the European Structural and Investment Funds (ESIF) to the same extent as regions elsewhere in the country. Based on this notion, preparation for the 2014-20 programme period placed emphasis on how to ensure added value from the ESIF. Agreement was reached between stakeholders represented in the Structural Funds Partnership to strategically direct funds towards fewer and larger ESF and ERDF co-

financed projects in accordance with the regional smart specialisation (RIS3) approach and the integrated urban development strategy for Stockholm. The integrated SUD strategy adopts a holistic approach to ensuring cross-sectoral collaboration and synergies between funds. The ambition is to introduce a more efficient way of using and mobilising resources for sustainable urban development with few prioritised areas and with the overall focus on promoting the growth of SMEs.

Implementation mechanism

The ERDF OP as a whole is implementing the SUD strategy for Stockholm. However, both the ERDF and ESF have the overall objective of securing sustainable urban development in the Stockholm region, and both support the implementation of SUD.

Funding arrangements

Type fund	Name fund	Amount
ESIF	ERDF	€ 35.5 million
	ESF	€ 100 million
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	Horizon 2020 LIFE	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Used	€ 8.5 million
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

In January 2013, the County Administrative Board of Stockholm, which is the secretariat for the Structural Funds Partnership, established a joint regional programming group comprising representatives from a number of organisations, with the mandate to develop proposals for the ERDF OP, analysis, documentation and a regional action plan for the ESF. The actors of the programming group largely reflect the members of the Structural Funds Partnership: the County Administrative Board, Stockholm County Council, the Swedish Association of Municipalities, Stockholm Municipality, Försäkringskassan (social/health benefits), the Employment Service Centre, the Swedish Agency for Economic and Regional Growth, the ESF Council, the business associations Coompanion and Företagarna, and KTH Royal Institute of Technology. The programme preparation was conducted in two integrated parts.

First, a process was initiated to establish a basis for fund collaboration, specialisation and concentration of ERDF and ESF funds in the region. The members of the programming group held a series of thematic workshops based on the development priorities of the region. Second, as a basis for the programmes an analysis of development trends within the prioritised regional development areas was carried out (*Länsstyrelsen Stockholm*, 2015). This analysis was also the basis for drafting the region's RIS3 strategy. Within the

overall objective of sustainable urban development, the analysis identified five key areas of strength for the ERDF and ESF to target: health city, green city, smart city, inclusive city and attractive city. These five themes are the focus of projects that have been initiated within the two programmes in the Stockholm region.

Consultation process

During 2013, a number of dialogue meetings, workshops and hearings for the ERDF OP were organised with participation from businesses and business associations, civil society, third sector, state authorities, and municipalities in the region. Further, in spring 2014 a cross-sectoral hearing concerning the regional action plan for the ESF was organised. The ERDF OP and ESF Regional Action Plan were also sent for hearing, where additional stakeholders responded with written comments. Discussions were centred on how to ensure added value from the ERDF and ESF, and stakeholders generally supported the notion of greater concentration of funds with the overall objective of sustainable urban development.

Links to domestic pre-existing strategies

The ERDF OP and the ESF Regional Action Plan for Stockholm are embedded in domestic policy for sustainable urban development. In 2008-2012, the government-commissioned initiative 'Delegation for Sustainable Cities' was implemented through different measures across the country to contribute to the development of sustainable cities. The final report concluded that a main hindrance for sustainable transition in cities is a lack of cross-sectoral collaboration. In order to achieve sustainable urban development in all areas, it is significant that municipalities adopt a more holistic and systemic perspective. One of the recommendations of the report was to establish a platform for continued collaboration for sustainable urban development (*Delegationen för hållbara städer*, 2012). This resulted in the establishment of the 'Platform for Sustainable Urban Development', which is a collaborative initiative between the five key national authorities responsible for issues related to sustainable urban development: the National Board of Housing, the Environmental Protection Agency, the Energy Agency, the Traffic Authority, and the Agency for Economic and Regional Growth. Activities include organising meetings in cities across the country focusing on different themes. During 2016, a series of meetings about housing issues were organised. The platform collaboration is intended to support the development of integrated strategies for sustainable urban development, including process support for SUD initiatives within the ERDF and ESF.

Measuring the effectiveness and added value of the strategy

The ERDF OP comprises the SUD strategy as well as the RIS3 strategy for the region as one and the same. The results of the SUD strategy are thereby not measured separately from those of the OP. The introduction of Article 7, according to interviewees, does not directly add value to the management and implementation of the ERDF in Stockholm. Without Article 7, the focus of the OP would have been the same, based on the identified challenges and key areas of strength in the region. Thus the existing regional integrated urban development strategy *RUFS 2050*, subsequent analyses, and the stakeholder consultation process all supported this direction in the OP design. The increased focus on SUD by the DG for Regional and Urban Policy however supports the approach that is taken in the region. In the recently submitted Covenant on the future of Cohesion Policy, the Stockholm region was the only region in Sweden not to sign the document, because the ESIF are not considered essential for development in the capital region, and because the declaration did not sufficiently include the urban dimension.

The common indicators have been adopted in the Stockholm region. Initially the indicators that were developed for both the ERDF and ESF were integrated to a higher extent. However, during the process, Commission guidelines entailed that indicators would be defined separately for each thematic objective. In effect, this reduced the integrated approach of the strategy. Growth of SMEs are the main focus of initiatives, and this was initially reflected in the choice of indicators to a higher extent, until it became clear that RTDI and environment and climate indicators were also required. The requirement to define

indicators for effects on climate and environment was especially problematic, as the 15 percent allocation of funds to this thematic objective cannot be considered to have a significant effect in terms of CO₂ reduction. In addition to the common indicators, an additional indicator on the 'number of collaborating organisations' was introduced by the Stockholm region and also adopted in other regions in Sweden. This indicator, according to interviewees, reflects the integrated nature of the programme and the need for cross-sectoral cooperation.

Key challenges

As introduced above, the SUD strategy is the same as the RIS3 strategy for Stockholm, and once the process of implementing SUD through the OP was approved, there were no major challenges in designing the strategy. However, the use of indicators divided according to the thematic objectives was considered challenging in relation to developing an integrated SUD strategy/OP.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The institutional set-up of the ERDF OP in Stockholm has not changed with the introduction of Article 7. The Swedish Agency for Economic and Regional Growth is the managing authority of the ERDF, the Structural Funds Partnership is the intermediate body that grants projects co-financed by the ERDF and ESF, and the County Administrative Board is the secretariat, which takes a leading role in the mobilisation group, maintains contact with applicants, and prepares recommendations for the Structural Funds Partnership. With the initiation of the 2014-20 programme, the programming group that had been operational in OP development was transformed into a regional 'mobilisation group' with the tasks of assisting the Structural Funds Partnership and its secretariat in mobilising and communicating with potential beneficiaries, and assisting in the preparation of project calls. This was a result of the programming phase where four key principles were decided for the implementation of the ERDF and the ESF in the region:

- concentration of resources;
- SMEs and the labour market in focus;
- synergies between the ERDF and the ESF;
- proactive initiation of projects (the Stockholm Model).

As part of the proactive Stockholm Model, more focus is placed on the involvement of local authorities in the development and implementation of ERDF and ESF projects. Stockholm Municipality and the Association of Municipalities are represented in the mobilisation group. The managing authorities launch targeted calls on the identified five key areas of strength of the region. Approximately two-to-six months in advance of each call, the mobilisation group invites a broad group of stakeholders for a pre-mobilisation meeting on the SUD priority in question. Here, key challenges within the area are discussed as well as initial project ideas to address these challenges. The purpose is to bring together stakeholders to collaborate on 1-3 project applications, depending on the call. In the subsequent process of developing applications, emphasis is placed on the involvement of municipalities either as project owners or as partners. The purpose of this is to ensure long-term public sector ownership of project initiatives. Once the mobilisation group assesses that the consortia and project development has progressed sufficiently, the managing authority in collaboration with the secretariat writes and launches the call for applications. In principle, the call is open to all applicants, but in most cases only the applications in which the mobilisation group has been involved are submitted. This approach is different from elsewhere in Sweden where the mobilisation process does not start until after a call has been launched, and where there is not the same focus on concentrating funds on few projects.

Special implementation arrangements

Financial instruments (FI) are implemented as part of the ERDF OPs in each of the eight NUTS 2 regions of Sweden. This is a continuation from similar FIs implemented in the 2007-13 programme period. In each region, the FI is managed by the regional office of the national organisation Almi Invest. Almi Invest Stockholm has established a new fund that, during the current programme period, will have a clearer focus on the early stages of SME investments. In the capital region, as elsewhere in the country, the need for early stage venture capital investments is not covered by the private sector, and the fund is supporting the implementation of the SUD strategy focused on the growth of SMEs. The uses of Community-Led Local Development (CLLD) or multi-fund approaches have not been discussed in the Stockholm region.

Implementation progress

As of October 2016, the Structural Funds Partnership had granted 13 ESF and eight ERDF projects. Approximately two-thirds of the ERDF budget had been allocated. Many projects were granted during 2016. Generally, the mobilisation group was successful with the proactive approach of generating fewer and strategically targeted projects. In some cases, however, the Structural Funds Partnership rejected applications for not sufficiently demonstrating a collaborative and strategically focused approach. In such cases, applicants have been given the chance to rework their applications. In only one case is there uncertainty about whether the mobilisation process and encouraging the applicants to rework their application will succeed. This involves efforts to engage two business support organisations in the region to streamline and coordinate their services. This is in line with an ongoing national initiative, called Team Sweden, to streamline the national system for business development, internationalisation and export support. With this particular priority of the Structural Funds Partnerships, there are challenges in mobilising actors that do not wish to change their current practices.

Evaluation

The Structural Funds Partnership has commissioned an external consultant to conduct an ongoing evaluation of the implementation of the ESF and ERDF in Stockholm. The purpose of the evaluation is to assess whether the four main principles defined in the programme design have facilitated the implementation of more integrated strategic measures, including the process-oriented approach of the Stockholm Model. A separate evaluation will also be carried out for the ERDF SUD approach adopted in Sweden, i.e. in Stockholm, Skåne-Blekinge and Västsverige. In October 2016, the call for applications for this evaluation was under development, posing some challenges for the managing authority. The evaluation will focus on the earmarked SUD initiatives. Whereas in Stockholm the OP as a whole and also the ESF funds are directed to SUD, in the two other programme areas the ERDF allocation is centred on and managed by the Municipalities of Malmö and Gothenburg. Meanwhile, similarly to Stockholm, financial instruments and other SUD-related projects are implemented in these regions, making it difficult to consider earmarked SUD measures in isolation. The evaluation approach to the SUD strategies is currently under development, taking into consideration the variety of implementation approaches.

2.3 GOOD PRACTICE AND LESSONS LEARNED

With the introduction of the four principles for ERDF and ESF implementation in Stockholm (concentration of resources; SMEs and the labour market in focus; synergies between the ERDF and the ESF; proactive initiation of projects), the Structural Funds Partnership has changed its approach to project selection. In some cases, the managing authority has approved applications that have subsequently been rejected by the intermediate body, most often for not sufficiently demonstrating collaboration and coordination in the region. Interviewees highlight this approach by the Structural Funds Partnership as good practice, i.e. they are not concerned about turning down prominent actors in the region and asking them to improve their applications. In addition, the partnership has demonstrated an

increasingly innovative approach to project selection, and has supported new development areas such as food, digitisation in film production and new media.

The fact that the SUD strategy became an integrated part of the OP is seen as an advantage by stakeholders in the region. Article 7 has not become an additional element to consider in the design and implementation of the OP, because SUD is the overall objective of the OP. This was also facilitated by the existing integrated regional development strategy for the region, *RUFS 2050*, and the stakeholder involvement process in this context. The decision that all projects in the region will support SUD, and not a certain percentage share of the funds, has also entailed that it has not been necessary to define what can be characterised as SUD measures.

In order to improve similar provisions in future, it has been suggested that more integrated institutional and administrative structures would need to be supported to a higher extent. This would include improved structures for integrating the implementation of funds. Combining ESF and ERDF resources in the same projects has proved too challenging in terms of the administrative burden it places on the beneficiaries. However, through having the same intermediate body, it has been possible to adopt a more strategic approach and ensure synergies between the funds in Stockholm.

Strategy fiche – Maribor, Slovenia

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	A specific part of an urban area (district, neighbourhood)
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	50,000 – 100,000 inhabitants

Maribor, the second-largest Slovenian city with a population of 95,589 is situated in Drava statistical region. It is a university city, the largest city of the traditional region of Lower Styria and the seat of the Urban Municipality of Maribor. It is the economic, financial, cultural, tourist, and educational centre of north-east Slovenia. Maribor was the Alpine Town 2000, European Capital of Culture in 2012, European Timber Rafting City in 2012 and European Youth Capital in 2013.

Targeted areas

The sustainable urban strategy of Maribor has a smaller population (81,165) and area coverage than the area of urban municipality of Maribor. The area that is covered by ITI is based on statistical definition and is slightly larger and has a population of 87,950). The operations that are eligible for financing are only those that are located in the intersection area of ITI and sustainable urban strategy area.

Slovenia has defined that only urban areas that are degraded or unused are eligible for receiving funds of the urban development (investment priority 6.3). These areas were predefined in a study, carried out by the Faculty of Architecture and Urban Planning, and they were based on common criteria for all the urban municipalities. Targeted 'degraded areas' comprise of 8 percent of the area covered by the strategy.

Challenges and objectives

Maribor was affected by the decline of industry in 1990. Centralisation of the country has taken off and since then the city has been searching for its own identity. The disintegration of Yugoslavia meant a loss of markets, and with Slovenia becoming part of European Union the situation worsened as the city failed to adequately restructure and adapt to economic and political liberalisation. The demographic situation has deteriorated. The sustainable territorial strategy aims to define the process of transition of Maribor to a sustainable city. Through the process of designing the strategy, the following pillars of development (and 34 corresponding measures) were defined: self-sufficient Maribor, mobile Maribor, smart Maribor, urban Maribor, and grounded Maribor. It is not evident from the strategy whether the projects funded through ITI cover measures from all of the pillars.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF/CF				4c, 4e		6e					

Rationale and added value of the strategy

Maribor has been involved in many development projects and has designed several strategies in the last few years, but most of them focused on one thematic area (for

example, economy) or a certain type of action (such as infrastructure). With the sustainable urban strategy came the opportunity to develop a strategy that supports a horizontal integration of the themes in terms of objectives, actions and projects. ITI also presents an opportunity to integrate Cohesion Fund and ERDF funding at the programme level.

Implementation mechanisms

Implementation of the sustainable urban strategy will be financed by multiple sources. Maribor is active in looking for additional EU funds such as INTERREG and DANUBE programmes. The financial structure of the projects will be evident from the implementation plan that is still being elaborated. The total budget needed to implement the projects addressing the strategy is close to €45 million. Only selected projects/operations will be funded through the ITI mechanism. Each of them will be funded either through the European Regional Development Fund or the Cohesion Fund, but not from both of them.

Funding arrangements

The methodology for calculating the indicative allocation of funds when using ITI at the national level was elaborated by the Association of Urban Municipalities of Slovenia (the mayors of all 11 urban municipalities). It is based on criteria for the selection of operations within Operational Programme to implement European Cohesion Policy for 2014-2010. ITI will consist of a yet-to-be-identified prioritised list of projects. Projects financed through other funding sources can contribute to the implementation of the project but are not part of ITI.

To implement projects listed in the sustainable urban strategy for the city of Maribor, €14,304,178 will be made available from the European Structural and Investment Funds through the ITI mechanism. The city will provide its share of co-financing (at least 25 percent in the case of Maribor).

Type fund	Name fund	Amount
ESIF	ERDF	€ 13,232,752
	ESF	
	Cohesion Fund	€ 1,071,425
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	<i>Unclear</i>	
Repayable grants	<i>Unclear</i>	
Community-Led Local Development	Not considered	
Private sector	<i>Unclear</i>	
Other	<i>Unclear</i>	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

Maribor city administration was responsible for the design of the strategy, which was led by the mayor's cabinet. Working groups were formed with different stakeholders for each specific theme, and they worked independently on their thematic field. In the final phase, one month was dedicated to coordination between different working groups.

A wide range of stakeholders was involved in designing the strategy. Firstly, a working group was formed involving public officials working within the municipality. The strategy structure followed the arrangement of the city administration offices. At a later stage in the process, a wider range of stakeholders was invited to the working group (university, NGOs, citizens), which in total involved 12 formal members and many more informal members (that did not participate regularly in the meetings). The working group had regular meetings at the municipality to discuss the development of the strategy. The strategy was also coordinated with the regional development agency.

Guidelines for the development of sustainable urban strategies were provided by the Ministry of Environment and Spatial Planning. They were useful, but they arrived too late. Information provided by the Ministry was sometimes contradictory. The sustainable urban strategy of the city of Kranj was used as an example in the Maribor case.

Strategy design was based on three phases.

- An analysis of the city's strengths and weaknesses. Data collection was entrusted to the professional members of the working group, each of which was in charge of one specific area. Negative and positive aspects were identified and used as elements for a SWOT analysis.
- Definition of priority areas. Data collected for each specific area were analysed within the working group and the results were presented in a series of public events (conducted from 14 September 2015 to 18 September 2015). Priority areas were identified and presented in the scheme outlining horizontal and vertical integration of different areas.
- Designing the pillars of the strategy. Priority areas were defined in more detail, and pillars reflecting the policies were formed by the expert working group.

An international evaluation of the draft strategy was carried out, and the strategy was improved based on the subsequent recommendations. Quality evaluation of all sustainable urban strategies in Slovenia was commissioned by the Ministry of Environment and Spatial Planning, and it was carried out in 2015 by an independent organisation. The results will be used as one of the criteria for financing sustainable urban strategies using the ITI mechanism. Sixty percent of the funds will be allocated according to quality evaluation of the strategies, 20 percent will be allocated according to the function of the city in the statistical regions, and 20 percent will be allocated according to the number of inhabitants of the cities. Selection criteria will be further specified in a workshop to be organised by Association of Urban Municipalities of Slovenia in the near future.

Consultation process

All the meetings of the working group took place in the open public space where the people of Maribor were welcome to address the members of the working group and present their views on the strategy.

When the strategy was in its final phase, four public events were organised, each focusing on one thematic field: (i) environment, waste management and energy, (ii) spatial planning, transport and demography, (iii) economy and tourism, and (iv) science, culture

and the NGO sector. The draft of the strategy was consulted with the public. Their input was used in the subsequent phase – identifying priority areas.

The Municipality of Maribor conducted a survey of households on projects that are planned to be implemented as part of the strategy, and so obtained the approval of the people for its plan. The strategy was also presented at the city council.

Links to domestic pre-existing strategies

The objectives of the strategy are based on the activities that are already present in the city. The strategy used many resources collected previously in the consultation events organised within other projects, for example a series of events called Urban Hackathon which focused on vision and strategies for the revitalisation and regeneration of the old city centre of Maribor. Also, Maribor's experience as European Capital of Culture in 2012 served as an information source but with some important adaptations. The strategy designers wanted to maintain the objective from this period – regeneration of the most important locations in the city. But they did not want to make the same mistake of focusing only on the infrastructure and neglecting the soft measures.

The strategy is partially based on the Development Strategy of Maribor 2030 (2012), with its focus on innovative economy, individuals and activities. However, the sustainable urban strategy provides an alternative focus, with a different approach of horizontal integration on culture, economy and tourism.

Other strategies that influenced the sustainable urban strategy of Maribor are: Cultural Local Development Strategy (2015); Municipal Spatial Plan (amended draft, 2013); Integrated Transport Strategy (2015); National Smart Specialisation Strategy (2015); and Tourism Development Strategy 2012 - 2016.

Measuring the effectiveness and added value of the strategy

Evaluation of the strategy is planned at three levels: at the level of the pillars; at the level of projects; and at the level of the Operational Programme (compliance with three investment priorities: 4.1., 4.4. and 6.3.).

The system of measuring the results of the strategy is not explicitly described in the strategy, but categories of performance indicators are listed for evaluation at the level of pillars of the strategy. Some of them correspond to OP indicators but not all of them. The view of managing authority representatives is that the common indicators (as part of the Cohesion policy regulations) are useful for measuring the strategy's effectiveness but they are not enough.

The added value of the strategy is embedded in its content, since some measures are for example aimed at restructuring the city administration and its financial system, intensive cooperation with the university and NGOs, and establishing an information platform for digitisation of data.

Key challenges

The following key challenges were identified: lack of an existing vision for the city, establishment of impact monitoring of the strategy, and the fact that making the strategy is a long-term process. The general view was that the guidelines the municipality received arrived too late in the process (except for the Article 7) and the municipalities were not able to consider them when designing the strategies.

The main challenge was the fact that all the bodies involved (European Commission, the state and municipalities) had to deal with a new and very complex mechanism. There were no clear guidelines from the EC or from the state at the times needed.

Sometimes, it is difficult for public officials used to working with sectoral policies to think in a different, integrated way that is needed for designing sustainable urban strategies and

operations funded from the ITI mechanism. To find an acceptable solution, intensive cooperation and long and exhausting meetings between all Slovenian stakeholders were needed. After receiving the guidelines from EC, everybody waited for additional guidelines on how to implement them. When urban municipalities engaged in the process and dialogue between ministries and municipalities, things started moving forward.

Coordination within the ministries is needed as well. Strategies are coordinated by the Spatial Planning, Construction and Housing Directorate, which is responsible for urban development at the Ministry of the Environment and Spatial Planning. On the other hand, the intermediate body for implementing the ITI mechanism is the Water and Investments Directorate, which is responsible for the system of implementing Cohesion policy at the Ministry of the Environment and Spatial Planning.

Another challenge was that urban municipalities were supposed to delegate their function as urban development bodies to the Association of Urban Municipalities of Slovenia. Therefore, it was necessary to make it an intermediate body. This is possible only through an accreditation process, which is complicated and time-consuming. It was decided to make it a special intermediate body with the sole function of selecting (classifying) operations.

The main challenges regarding the Maribor strategy in the future could be the lack of experts at the municipality level and therefore the stronger influence of the politicians. Representatives of the state should also be more active in empowering public officials working at the municipalities. The financial aspect will be quite a challenge, as well as the reorganisation of the city administration in Maribor. The strategy tackles some sensitive themes in the city, and part of public opinion could oppose some projects. This potential lack of support could have been avoided by a more intensive consultation process.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The managing authority implementing the ITI mechanism in Slovenia is the Government Office for Development and European Cohesion Policy. The intermediate bodies are: the Water and Investments Directorate in the Ministry of Environment and Spatial Planning (for objective 6.3), the Ministry of Infrastructure (for objectives 4.1. and 4.2), and the Association of Urban Municipalities of Slovenia (its function is limited to selection of operations). Urban authorities in Slovenia are urban/city municipalities. Operations that will be financed within ITI will have to prove a direct link to the strategy, resulting from the measures to promote sustainable urban development.

The Association of Urban Municipalities of Slovenia (its expert committee) launches the invitation for projects. Beneficiaries (municipalities, public housing funds and non-profit housing organisations) submit applications, including a list of prioritised projects and an implementation plan. The Association of Urban Municipalities of Slovenia then classifies the applications according to selection criteria. The selection criteria will be based on criteria for the selection of operations under the Operational Programme for the Implementation of the Cohesion Policy for the 2014-20 period. Municipalities then prepare a detailed application for the operation. Intermediate bodies check if the procedure carried out by the Association was transparent and correct and if applications are complete. The conclusions are sent to the Association of Urban Municipalities of Slovenia and to urban municipalities. The Association confirms that the complete version of the application is in line with the shorter version and that it contributes to the objectives of the priority axis. The managing authority takes the decision on support.

Municipalities are responsible for the development of strategies and implementation plans. Both are approved by the municipalities (strategies are approved by the city council, implementation plans can be approved by the city council or by the mayor). Each urban municipality is responsible for monitoring the implementation of its own strategy.

The mayor is formally responsible for implementing sustainable urban strategies. A strategic council is constituted with the task of supporting the implementation of the strategy. Its members are appointed by the mayor and the city council establishes the strategic council by decree. It consists of experts from the main stakeholder groups, such as the city administration, university, NGOs and the city council to ensure the involvement of interest groups and communities and thus support horizontal integration. The strategic council is an independent body that monitors implementation of the strategy, proposes amendments and changes needed, and addresses important issues regarding implementation of the strategy. To ensure a high level of public involvement, an additional project with a separate budget will be implemented such as resident participation and additional activities parallel to urban regeneration projects and investments.

After the projects are approved by the managing authority, the urban municipalities and intermediate bodies (Ministry of Infrastructure and Ministry of Environment and Spatial Planning (Water and Investments Directorate) are responsible for monitoring the projects that are co-financed by the ITI mechanism. The Ministry for Environment and Spatial Planning is responsible for monitoring projects referring to investment priority 6.3, and the Ministry of Infrastructure is responsible for monitoring projects referring to investment priorities 4.1 and 4.4.

Measurable impact targets for each project are to be predefined, monitored, and reported by the strategic council. However, it has not yet been decided whether a strategic council will be established in Maribor. If not, implementation will be carried out by the municipality departments. The coordinator of the strategy is usually the director of the city administration, who is responsible for monitoring the implementation of projects.

The monitoring of the strategy implementation consists of a continuous monitoring process (responsibility of the coordinator), the annual monitoring (responsibility of strategic council) and multi-annual monitoring (responsibility of the city council). The monitoring of project implementation is carried out by the urban municipality and intermediate bodies. Annual monitoring consists of: review of implementation of the objectives; brief report on the implementation of individual projects or programmes; and an overview of the key problems in the implementation of the strategy and potential suggestions for improving the strategy.

Special implementation arrangements

Slovenia decided not to use the combination of European Social Fund and ERDF, for example, because it found it to be too complex and exposed to major risks. There is no information about whether financial instruments will be used for implementation in the Maribor strategy. The use of financial instruments is still being considered in Maribor, with a decision expected when the implementation plan is adopted.

Community-Led Local Development (CLLD) is not used as part of the Maribor strategy. In the cases of the city of Kranj and the city of Murska Sobota, where the area covered by the sustainable urban strategy is greater than the area covered by the ITI, the municipalities plan to use the CLLD mechanism to implement the strategy in the areas surrounding the city. However, other Slovenian urban municipalities do not plan to use the CLLD mechanism for implementing the urban strategies.

Implementation progress

Implementation of operations from the ITI mechanism has not started yet, but some projects from the strategy (such as closing the main street in Maribor for cars) have been implemented. They have been financed by the municipality. The majority of projects have not started yet because of the lack of financial means. Maribor has already made a list of priority projects, but it has not yet made the implementation plan for the strategy, as all the stakeholders involved in the process of implementation of the ITI mechanism have just agreed on the structure and content of the implementation plan. An implementation period of 5 years is planned, most likely starting in 2017.

Evaluation

The strategy indicates that every project implementing the strategy must be evaluated and that financial means for independent evaluation must be ensured. The transparency of operations must be ensured by giving a mandate for the operation and by empowering a responsible person. Guidelines for monitoring indicators for each project were prepared within the strategy design process, and they are going to be included in the implementation plan.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The sustainable urban strategy of Maribor was designed through a complex and integrated process. A wide range of stakeholders participated in the design of the strategy. As acknowledged by the representative of a non-governmental organisation, it is a precedent in Slovenia that non-governmental organisations were invited to join the strategy design process. Strong cooperation between the municipality and members of the university was built in to the process, but cooperation with the business sector could have been more intensive.

Various aspects of development were taken into account, such as culture, tourism, economic development and revitalisation at horizontal level, and thus the strategy designers took a step forward compared to previous strategies focusing mainly on one type of development.

All interviewees shared the view that the Slovenian system of implementing ITI has numerous positive aspects. It is a practical, simple, and viable system. Slovenia has special characteristics because it is a small country. It has no regions, and there is no intermediate level between municipalities and the state level. The Slovenian managing authority is spreading the idea of an integrated approach by suggesting to other public officials that they support projects that are designed to be funded from multiple sources. It is also trying to empower municipalities by underlining the importance of implementing soft measures in the process of sustainable urban development.

Similarly to other urban strategies in Slovenia, the Maribor strategy does not include the projects list. The positive side of such a broad-based approach is that the vision addresses all the inhabitants. The negative side is the fragmented structure of the strategy.

Representatives of the Association of Urban Municipalities and managing authority, as well as stakeholders involved in designing the Maribor strategy, have acknowledged that the guidelines for designing the strategy and information about how the overall process should take place came too late in the process. Other downsides were that information received was sometimes contradictory, and the people responsible for the strategy at the ministry level were changing throughout the process. They feel that mutual respect, trust, and continuous dialogue between the European Commission and the Member States – as well as between all Slovenian stakeholders – is needed for the successful implementation of the ITI mechanism. The European Commission has to see and understand the specific characteristics of each Member State. This can be enabled by its presence on the ground and a transparent and clear procedure of making suggestions for improvements of the mechanism by its users.

Strategy fiche – Nitra, Slovakia

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Functional urban area / metropolitan area
Planning horizon	2020
Is the strategy new?	Completely new
Size of town/city	50,000 – 100,000 inhabitants

Nitra region is located in the south-western part of Slovakia. Three out of its seven districts (LAU1 regions) border with Hungary on the south. Nitra city functional urban area (FUA) lies in the north-western part of the region and is well connected (by means of expressway and motorway) to the capital of the country as well as to other regional cities. The Western Slovakia NUTS 2 region (Nitra Region together with Žilina Region) has a share of 70.8 percent of the EU average, which means the region is considered a less-developed region.

Targeted areas

The SUD ITI strategy in the Nitra Region is in compliance with the Partnership Agreement for 2014-2020, encompassing the following municipalities: Nitra, Maly Lapas, Velky Lapas, Cechynce, Nitrianske Hrnčiarovce, Ivanka pri Nitre, Luzianky, Zbehy, Jelsovice, and Cakajovce. The regional non-SUD ITI strategy is focused on the rest of the NUTS 3 Nitra Self-governing Region (Nitra SGR). Planned interventions are not focused on specific territory within the strategy areas.

Challenges and objectives

The strategy provides the new element of the integrated territorial principle through specifically targeted areas of intervention and their portfolios. The local intervention portfolio allows for a specific functional area as a territorial investment unit: ensuring the linking of particular sectoral policies and ESIF financial resources; implementing integrated projects with a focus on growth and jobs; combining individual interventions in accordance with their specific issues and challenges; and gradually eliminating intra-regional differences and improving their adaptability and competitiveness.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF						6a, 6e	7b, 7c	8b	9a	10a	

Rationale and added value of the strategy

Several basic shortcomings were identified that hindered the efficient use of funds during the implementation of OPs in the 2007-13 period. The most obvious one was the preference for individualism and competition instead of cooperation. The shortcomings were the result of inappropriate planning in policies that required an integrated and territorial approach (a set of interrelated and geographically targeted thematic operations). Therefore, the Ministry of Agriculture and Rural Development, the MA of the Integrated Regional Operational Programme 2014-20 (IROP), in cooperation with the Nitra SGR and the regional capital city of Nitra decided – on the basis of created legislative conditions – to

develop a Regional Integrated Territorial Strategy for Nitra Region for the years 2014-2020 (RIUS).

Implementation mechanisms

The ITI is implemented using non-repayable grants. Strategy/ies was/were set in the IROP by using solely ERDF funds. CLLD will be implemented in the region but is not part of the RIUS. CLLD may be used in both rural and urban areas, but there is a limit to the area covered by CLLD (maximum limit is 150,000 inhabitants with maximum population density of only 150/km²).

Funding arrangements

The total funding for the regional and urban element in the Nitra SGR is €166.3 million. The SUD ITI receives €50.1 million, and the remaining funds go to RIUS. In the strategy, the funding from four priority axes of the IROP was combined (Safe and clean transport in regions; Easier access to efficient and better quality public services; Mobilisation of creative potential in the regions; and Improving the quality of life in regions with an emphasis on the environment).

Type fund	Name fund	Amount
ESIF	ERDF	€ 50,074,475
	ESF	
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Not considered	
Repayable grants	Not considered	
Community-Led Local Development	Not considered	
Private sector	Not considered	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

In the case of implementation of Article 7 on integrated SUD of ERDF Regulation 1301/2013, there are eight Integrated Territorial Strategies of Sustainable Urban Development (ITS SUD) in Slovakia, covering regional capitals and their functional urban areas, and Regional Integrated Territorial Strategies (RIUS) cover the rest of particular NUTS 3 regions that are not connected to Article 7. From the technical point of view, the RIUS were joined with the ITS SUD strategies (of FUA regions) into one document (RIUS in a broader sense). The strategies were designated in the Integrated Regional Operational Programme 2014-20 (IROP), which is considered the baseline for the formulation of the strategies.

During the design process, several types of stakeholders were included: regional government (Nitra SGR), local territorial authorities (Nitra Municipality, associations of municipalities), government (eight ministries), and social and economic partners (labour

offices and associations, NGOs, public transport company, universities). All of the stakeholders were appointed on the basis of their qualifications, and together they formed the Partnership Council that participated in the drafting, approval and implementation of the strategy (RIUS & ITS SUD). These stakeholders were also divided into eight Expert Advisory Groups (based on subject area). The process was led by regional coordinators of RIUS and ITS of SUD. Resources were made available to both intermediate bodies in order to finance external experts for drafting the strategy. All groups were responsive. The design process was organised using a methodological guidance document issued by the MA (as of February 2015, however, the process already begun in February 2014). RIUS is structured into three main parts: analytical, strategic and executive. The strategy's objectives were set in accordance with the IROP (global objective together with specific objectives).

Before the formal approval process, the content of the strategies was assessed by the Partnership Council. The document was subject to SEA (April 2015), at which several remarks were recorded and several comments added by ministries, especially the MA (Ministry of Agriculture and Rural Development). There were deadlines for the submission of individual chapters set by ministries (of transport, education, labour, culture, environment, and health) based on multiple assessments. SEA was postponed, however, because of the need to incorporate multi-criteria analysis (MCA) on the initiative of the Bratislava SGR. Individual ministries submitted a statement to the RIUS (with the right of veto if there was anything inconsistent), while the Partnership Council gave its recommendation to the MA (in January 2016). The most important factors during the process of preparation and implementation of territorial strategies were the understanding of the region, available data, and the administrative organisation divided between Nitra Municipality and Nitra SGR.

Consultation process

The consultation process had a major impact on designing the strategy – from a thematic point of view – but it was under strong supervision by the MA through the above-mentioned methodological guidelines. Several external bodies were invited to the consultation process. A special position was held by the Constantine the Philosopher University in Nitra, which was particularly proactive in providing information and suggestions. Also, several meetings were conducted in the region, where the school principals added their suggestions. Nitra SGR representatives had to explain that it was not possible for all the subjects to receive a financial contribution, but that the accent was on mutual cooperation of subjects in different fields in the region. And that is the essence of an integrated approach. Further meetings were held with the Ministry of Culture, as well as the Ministry of Health, at the level of working groups with brainstorming as the main method of consultation.

Links to domestic pre-existing strategies

The strategy is entirely new and therefore it is not based on previous strategies. It can therefore be argued that there is not a lot of experience in the introduction of integrated urban strategies. The strategy was also not embedded into other national policies. Nevertheless, at all stages of the formulation of strategic elements, there had to be direct continuity or a relationship to other strategic documents of the Nitra SGR area, as well as smaller areas, i.e. spatial planning documentation, the Programme of Economic and Social Development (PHSR), the sectoral strategies, the micro-regional strategic development documents, and also the national plans and OPs for the 2014-20 programme period.

Measuring the effectiveness and added value of the strategy

It is questionable how the strategy and its effectiveness will be measured overall. Currently, the system is mostly based on quantitative criteria set in the IROP. Objectives and indicators have been established under the IROP. The so-called hard results include quantitative indicators, e.g. the floor area, number of jobs, etc. By contrast, strategic planning in individual areas can be seen as a soft result. Also, for example, the proportion of students with professional training should indirectly affect the qualitative characteristics.

The added value of the Integrated Territorial Strategy of SUD (ITS SUD) was the definition of the functional urban area (FUA). This was defined on functional connections (linkages) mostly on the basis of daily commuting. This was the basis for cooperation with mayors in the area surrounding Nitra. But not everyone was open to cooperation, some preferred competition. Nitra Municipality and Nitra SGR had to sign a Memorandum of Cooperation together; there had never been such close cooperation between the local and regional bodies. Cooperation had to logically arise while preparing a specific project such as a cycle route leading through several villages of the FUA with the continuation into other parts of the Nitra SGR. Other areas of cooperation included cultural and creative industries or the Plan for Sustainable Mobility – both were designed for the entire FUA. A multi-thematic approach is present in the four priorities summarised in the keywords 'educated city', 'green city', 'city without barriers', and 'creative city'. It is important to integrate specific targets within a single OP, but there should be a synergy with other OPs as well.

The benefits for domestic and European policies will be measured by means of set indicators that focus on the following themes: contributing to the growth in employment; solving the issue of accessibility; the issues of public passenger transport and low-carbon, non-motorised transport; commuting and work; deinstitutionalisation; community work; culture and creative industries; education and the link to practice; dual education; adaptation to climate change and green infrastructure elements (national and European priorities). Europe 2020 was one of fundamental documents on which the RIUS is based (e.g. intelligent, sustainable growth). Nitra SGR and Nitra Municipality together processed a new Program of Economic and Social Development (PHSR) that was based on the RIUS. The effectiveness of the measures funded by Cohesion policy as part of the ITS SUD can only be fully assessed as part of a broader approach to tackle urban development.

Key challenges

The process of designing a strategy took a long time, and there were frequent changes in staff. Oftentimes, therefore, different persons interpreted the ITI differently. The RIUS is a new model, therefore several communication obstacles arose between the different ministries. There was also a double change regarding incorporation of the list of projects into the strategy. Multi-criteria analysis was introduced during the later stages of the design process – based on the initiative of the Bratislava SGR – which postponed the SEA. The Nitra SGR had objections regarding several topics (e.g. absence of qualitative indicators, mainly in the field of environment where such indicators are needed).

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The role of the entities involved in the preparation and implementation of the RIUS and the ITS SUD was defined by the Partnership Agreement. In terms of the structure of the IROP, they are described in the IROP and Government Resolution No. 232 from 14 May 2014. The MA's role is – besides the coordination and methodological guidance of the preparation and implementation of the RIUS and the ITS SUD – to set up a Partnership Council for each RIUS / ITS SUD or a Joint Partnership Council. This should be in accordance with the partnership principle, approving strategies on the basis of the standpoint of the Partnership Council in terms of their compliance with the IROP. In accordance with the principles of the intervention logic and the principle of sound financial management, the MA will ensure two rounds selecting projects that contribute to achieving the objectives of the operational programme in the most appropriate way. Calls for project proposals and calls for non-repayable grant applications are an essential methodological basis for the applicant.

As a management tool of the strategy, monitoring is a regular activity aimed at overseeing the implementation of the objectives set at the various levels of ESI by means of systematic evaluation of the data and information. Monitoring the progress towards achieving the objectives and the performance framework is carried out using measurable indicators at all levels of governance. Monitoring of the strategy (both RIUS and ITS SUD) is carried out

in accordance with the management system of ESI Funds for the 2014-20 programme period. The monitoring of the RIUS and the ITS SUD – in the conditions of implementation of the strategies – is to be applied on the basis of methodological guidelines by the MA that define the tasks and outputs needed to ensure a comprehensive view of the IROP realisation.

The selection of project proposals consists of the following phases: (i) call for project proposals, (ii) assessment of the project proposals, and (iii) evaluation of the call for project proposals (assessment report). It will be carried out by the IB (regional authority) of the RIUS and the IB (city authority) of the ITS SUD. The local authority (Nitra Municipality) is also responsible for the implementation of the ITS SUD, while the regional body (Nitra SGR) is responsible for the implementation of the RIUS. The local authority will also be responsible for monitoring the ITS SUD, while the regional body monitors the RIUS. Both bodies will submit monitoring reports. A database of external evaluators will be created; the IB of Nitra Municipality will order the ranking and has the final decision regarding the selection of operations.

Special implementation arrangements

CLLD is not part of the strategies; however, it is complementary to the instruments of the strategies. CLLD may be used in both rural and urban areas, but there is a limit to the area covered by CLLD (maximum limit is 150,000 inhabitants with maximum population density of only 150/km²). CLLD is defined in the IROP and the Rural Development Programme of the Slovak Republic 2014-2020. CLLD is an approach with relatively small financial investment, and its performed operations are primarily local in nature, but they may have a significant impact on the lives of people in the territory. The CLLD approach is based on the LEADER approach using local action groups and local development strategies. To prevent duplication of the support, the dividing line between the local development strategies and SUD (and regional non-SUD) was set to be the size of the project. Financially demanding projects and projects with sub-regional and regional impact should be supported through the RIUS, while small-scale projects with local impact should be supported through CLLD.

According to the representatives of the Nitra Municipality and Nitra SGR, there are no financial instruments available.

Implementation progress

The implementation and realisation of the RIUS / ITS of SUD has not started yet, and both intermediate bodies (Nitra Municipality and Nitra SGR) are still waiting for calls (except the Sustainable Mobility Plan that was declared already).

Evaluation

Evaluation (ex-ante, ongoing and ex-post) is carried out in accordance with the management system of ESI Funds for the 2014-20 programme period. For the RIUS / ITS of SUD – as an implementation tool of the IROP – the ongoing evaluation is of greatest relevance. The evaluation of the strategies will form part of the programme evaluation conducted on an annual basis. The MA will be responsible for the evaluation of the whole IROP. This will be performed through the Plan of Evaluation of IROP for the Programming Period 2014-2020, the annual evaluation plan of IROP, or ad-hoc evaluation where the MA cooperates with the coordinators of both local and regional bodies. The coordinator of the RIUS will inform the Partnership Council about the approval of the evaluation plans and final evaluation reports. A supporting element that will increase the quality of evaluations during the implementation will be the Working Group of the MA of the IROP for the evaluation involving all IBs. Creation, operation, tasks, and outputs will be subject to the scrutiny of this Working Group.

2.3 GOOD PRACTICE AND LESSONS LEARNED

There are a number of lessons that can be learned from the RIUS / ITS SUD in Nitra Self-governing Region / Nitra FUA:

- Increased cooperation between Nitra Municipality and Nitra SGR. The mutual synergy between both local and regional bodies has never been so significant.
- The new approach of cooperation between municipalities (in contrast to the competition).
- Implementation involving different partners in the public sector, including regional and local government and central government ministries.

Strategy fiche – Cornwall and the Isles of Scilly, United Kingdom

1. KEY CHARACTERISTICS OF THE STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Non-SUD ITI
Type of region	Less Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Intermediate region
Planning horizon	2020
Is the strategy new?	Existed but substantially adapted
Size of region	500,000 - 1,000,000 inhabitants

Cornwall and the Isles of Scilly (C&IoS) is a peripheral region in the south west of England. The Isles of Scilly lie 45 kilometres off the coast of mainland Britain and are made up of five inhabited islands. C&IoS is the only region in England categorised as a Less-Developed Region; the C&IoS Local Enterprise Partnership (LEP) area trails all other LEP areas in England in terms of GVA per head (Department for Communities and Local Government (2015) England ERDF OP, p4). C&IoS has a history of significant EU funding support. It was categorised as an Objective 1 region in 2000-06 and then as a Convergence region in 2007-13. It had its own ERDF OP in the 2000-06 and 2007-13 funding periods (as did the other English regions). C&IoS actors have an established familiarity with the management and implementation of ESIF.

Targeted areas

The C&IoS ITI covers the entirety of the region (it is not limited to urban areas). One of the characteristics of the region is its lack of a single dominant urban centre; one of the disadvantages of its economic base is its peripheral and spatially dispersed nature. This explains, in part, why specific areas are not targeted in the ITI. However, CLLD in the region will target more deprived areas (see 'Special implementation arrangements').

Challenges and objectives

The Cornwall and Isles of Scilly region faces social and economic challenges. Its peripheral location and relatively weak business base do not easily facilitate economic growth. The labour market is excessively dependent on seasonal, low-skilled employment. The ITI has three key areas of activity: Future Economy, Growth for Business, and Conditions for Growth. The general objective of the ITI is to lever potential strengths in areas such as renewable energy production, R&D and emerging high-value sectors such as digital industries. Funding to support Priority Axis 3 (SME Competitiveness) is high. There is also a strong emphasis on developing social inclusion and the regional skills base.

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF	1b	2a, 2b	3a, 3c, 3d	4a, 4c, 4e, 4f	5b	6d, 6f	7a, 7c		9d		
ESF								8i, 8ii	9i, 9v, 9vi	10i, 10ii, 10iii, 10iv	

Rationale and added value of the strategy

The ITI strategy document notes that 'national programmes can often have little impact in C&IoS... a problem compounded by nationally driven commissioning and by the use of procurement and delivery models in the current programme which have not been bespoke, accessible or flexible' (Cornwall Council (2016) Cornwall & Isles of Scilly Integrated Territorial Investment Strategy, p64). The ITI will allow the region greater control over the use of funds; this is considered to be important because, as a Less-Developed Region, C&IoS faces different development challenges than other areas in England, requiring bespoke interventions. The C&IoS LEP and Cornwall Council were keen to secure the use of an ITI approach because it enables them to maintain an established approach based on good communications and a strong relationship with local fund beneficiaries. A secondary part of the rationale was that the amount allocated to the ITI by the ERDF and ESF managing authorities at the outset of the programming period cannot later be changed.

Implementation mechanisms

The ITI will include the delivery of non-repayable grants and financial instruments (FIs). CLLD will be used alongside the ITI. It was originally intended that 25 percent of funding, approximately £120 million, would be delivered through FIs. This was revised downwards to the current target of €46.8 million plus match-funding.

Funding arrangements

The C&IoS ITI will receive €603.7 million through ERDF and ESF funding. €46.8 million of the ITI allocation will be delivered through financial instruments. A further €12 million of EAFRD funding will be allocated, and it is anticipated that around €2 million of EMFF could be secured through bidding to the national programme. EAFRD and EMFF funds do not form part of the ITI, but their use will be aligned to it. Domestic funding will be drawn via the Single Local Growth Fund (SLGF), the Regional Growth Fund and match-funding from Cornwall Council. The SLGF can be used to provide ERDF/ESF match-funding, and Cornwall Council has set aside match-funding from its capital programme and revenue budget.

Type fund	Name fund	Amount
ESIF	ERDF	€437,472,735
	ESF	€166,234,129
	Cohesion Fund	
	EMFF	Approx. €2 million
	EAFRD	€12,046,953*
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	Regional Growth Fund**	c.€16.7 million
	Local Growth Fund**	c.€76.9 million
	Growing Places Programme**	c.€8.1 million
Other (e.g. EIB)	-	

* Converted from GBP using the ECB exchange rate of 2 January 2015 (€1:£0.78)

** Funds from the EMFF, EAFRD and 'other domestic' sources are not part of the C&IoS ITI budget. However, their delivery will be closely coordinated alongside that of the ITI, so they are included in the table.

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Used	€ 46.8 million
Repayable grants	Used	
Community-Led Local Development	Used	
Private sector	Used	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The C&IoS ITI is based on, and replaces, the C&IoS LEP's ESI Fund Strategy from 2014. It also draws elements from the C&IoS Strategic Economic Plan 2014. The design process was led by Cornwall Council, in partnership with the C&IoS LEP and other stakeholder organisations in the region. These actors were involved in negotiating a differentiated approach (i.e. using a regional ITI) based on the argument that the region's Less-Developed Region status made it unique in England, and that a more localised and bespoke approach to funds delivery was appropriate. For example, in C&IoS there is a stronger case for investment in transport than in other English regions. The Department for Communities and Local Government (DCLG), the managing authority for the England ERDF OP, was supportive of this argument for a regional ITI.

The design of the ITI was largely an internal process, because the previous development of the 2014 ESI Fund Strategy had provided the strategic framework required. The DCLG and the Department for Work and Pensions (DWP, the MA for the England ESF OP) provided some feedback but did not have a prominent role in writing the strategy. The European Commission did not provide direct feedback; the approval of the England-wide ESIF programmes encompassed the ITI. The C&IoS ITI was finalised in April 2016.

Consultation process

The 2014 ESIF Strategy, upon which the ITI is based, involved an extensive consultation process. This included feedback from working groups of partners and stakeholders established by the LEP, stakeholder workshops, an online consultation, and one-to-one interviews. The online consultation was sent out to 800 businesses and local stakeholders, and received 250 responses. Local Action Groups, which are responsible for the delivery of CLLD in the region, were also directly consulted. No further consultation activities were undertaken for the C&IoS ITI, as it was judged that the feedback from the ESIF Strategy was sufficiently recent and comprehensive.

Links to domestic pre-existing strategies

As noted, the C&IoS ITI is based on the pre-existing LEP ESI Fund Strategy and draws from the C&IoS Strategic Economic Plan 2014. The ITI represents strong continuity in following on from these strategies, with the same three Strategic Priorities (Future Economy, Growth for Business, Conditions for Growth). The C&IoS ITI also supports the regional Smart Specialisation Strategy and the regional Smart Specialisation Skills Framework (Amion Consulting and C&IoS LEP (2016) Smart Specialisation Skills Framework; Final Report). The C&IoS ITI strategy document also outlines its commitment to support the cross-cutting (horizontal) themes of equal opportunities and sustainability, in support of the pre-existing Strategy for Inclusion in Cornwall, and Cornwall's Environmental Growth Strategy 2016-2065.

The UK does not have an explicit national regional policy, and so the C&IoS ITI does not link in with any pre-existing strategy at the national level.

Measuring the effectiveness and added value of the strategy

The ITI does not have its own specific performance targets or output/results indicators. Instead, it will use those set out in the England ERDF and ESF OPs. Similarly, the ERDF financial progress indicators are those agreed through the England ERDF OP, which were determined in part by Performance Framework requirements. However, as the only Less-Developed Region in England, the performance targets in the OP for the less-developed category of region relate solely to C&IoS. The strategy document highlights that the setting of ERDF and ESF targets was a two-way process, because specific targets for C&IoS were

agreed with the DCLG and the DWP based upon the pre-established local evidence base. In other words, targets were not simply imposed upon the region in a top-down manner.

The ERDF and ESF managing authorities are responsible for monitoring ITI outputs, especially in the form of results data from beneficiaries in the region. These data are reported to the ITI Board (see below). Monitoring of the outputs and impact of the ITI will also be achieved through the use of Cornwall Council's broader economic and social indicator data, such as GVA data, which – it is anticipated – will help to better understand the effectiveness and added value of the ITI as its delivery progresses.

Key challenges

A challenge in the design of the C&IoS ITI was that the England ERDF OP took longer than anticipated to be completed and approved. This led to a degree of uncertainty at the regional level with regard to how the ITI would tie in with the England ERDF and ESF OP investment priorities, and a greater number of strategy document iterations.

A current and on-going challenge is the delivery of the FI commitment. As noted, the Cornwall and Isles of Scilly region has a relatively weak business base, and the delivery of the €46.8 million commitment has proved to be challenging. This has been due largely to the British Business Bank (BBB), the intended financial intermediary, declining financial commitment in the ITI due to it judging the FI element unfeasible. The FI allocation will be reviewed by Cornwall Council and the ITI Board in early 2017 if progress is not made with the BBB. A further challenge has been the uncertainty presented by the 'Brexit' vote and the UK's pending departure of the European Union.

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

Neither Cornwall Council nor the C&IoS LEP have intermediate body status at the time of writing (December 2016). The England ERDF OP MA (the Department for Communities and Local Government, DCLG) and the England ESF OP MA (DWP) nominally retain all responsibilities for project selection, implementation and monitoring as per the ESIF regulations. However, in practical terms Cornwall Council and other bodies play a significant contributory role, with some share functions such as the development of project calls and provision of information to potential beneficiaries. Cornwall Council is progressing a designation as an intermediate body for the purposes of ITI management.

An ITI Board has also been established in the region, comprising local partners and representatives from the voluntary, public and private sectors. The ITI Board has an advisory role to the ERDF and ESF managing authorities and will advise the IB if it is established. The ITI Board is also responsible for project monitoring (the Growth Programme Board does not oversee individual projects unless they are of significant size). Further, Technical Assistance (TA) teams have been established in both Cornwall (C&IoS ITI Support Team) and the Isles of Scilly (Technical Assistance Team) to support local delivery.

C&IoS also has a seat on the Growth Programme Board – the Programme Monitoring Committee for the England ERDF and ESF OPs. It is the only region in England (other than the Greater London Authority) to have this arrangement, thanks to its unique status as a Less-Developed Region. The Growth Programme Board has ultimate responsibility for performance and implementation monitoring at the national level.

Special implementation arrangements

The strategy supports the delivery of priority axes from two OPs – the ERDF England Operational Programme 2014-20, and the ESF Operational Programme England 2014-20. Because C&IoS is a Less-Developed Region, its ERDF intervention rate is capped at a maximum of 80 percent. The C&IoS ITI seeks to combine the two funds in a complementary manner by using them to jointly support each of the three Strategic

Priorities: Future Economy, Growth for Business, and Conditions for Growth. For example, Growth for Business combines the ERDF-funded Priority Axis 3 'SME competitiveness' (investment priorities 3a, 3c, 3d) and the ESF-funded Priority Axis 2 'Skills for growth' (investment priority 2.2).

The intended use of FIs was motivated in part by a desire to move away from a grant culture amongst beneficiaries in Cornwall and the Isles of Scilly. The decision was backed by independent commissions undertaken to establish an evidence base; this resulted in an FEI Investment Strategy for the region. The strategy document notes that 'The strategy seeks to promote a "fund of funds" style financial instrument programme and will provide a range of instruments including debt, mezzanine and equity finance for early stage and more-established SMEs' (p.67).

The strategy document specifies that 'CLLD should be seen as an integral part of the delivery framework of the ITI and not a separate activity that operates in total isolation' (p.68). The CLLD element is considered appropriate to C&IoS because of its suitability for delivering projects in rural areas, its reliance on the mobilisation of community actors, and the region's experience of LEADER. However, the CLLD funding allocation of €7.6 million is modest. Impact will be assured through targeting 70 percent of CLLD funds on areas of Cornwall that are in the bottom 30 percent of the national Index of Multiple Deprivation (IMD) ranking. The remaining 30 percent will be spent in 'hinterlands' adjacent to these IMD-determined areas.

The C&IoS ITI will make use of 'Opt-in' organisations to implement ESF-funded elements of the strategy. The rationale underpinning this is that specialist organisations can be used to both deliver interventions and provide the match-funding for them, in an alternative model. This method also ensures the early commitment of funds. Three Opt-in organisations will be used to deliver ESF-funded interventions: the Skills Funding Agency (an executive agency sponsored by the Department for Education), the DWP and the Big Lottery Fund (a non-departmental fund-distributing public body).

Implementation progress

As of November 2016, implementation in terms of ERDF fund allocation has progressed well. Approximately £220 million (€282 million), or 50 percent, of ERDF investment was contracted in advance of the 23 November Autumn statement (the UK Government's annual update on the national budget).

Progress with regard to ESF commitment and disbursement is less advanced. A substantial amount of 70 percent (approximately €116 million) has been earmarked for delivery by the three Opt-in organisations, with the remainder to be delivered through open calls over the lifetime of the programme. To date, only around £50 million has been legally committed, but this is largely money which has been contracted rather than spent. As of December 2016, the Opt-in organisations are in the process of procuring skills providers to carry out project delivery.

Evaluation

No mid-term or ex-post evaluation of the C&IoS ITI is currently planned. Rather, the ex-post evaluation for the England ERDF and ESF OPs will cover the C&IoS ITI.

2.3 GOOD PRACTICE AND LESSONS LEARNED

A lesson learned at the development stage of the C&IoS ITI was the importance and value of close links and good communication with (i) the DCLG and the DWP at UK national level, and (ii) the European Commission. The C&IoS region had a DG REGIO desk officer under the 2007-13 programme, which helped with the latter. Representatives from C&IoS also made a number of trips to Brussels to speak directly to the Commission.

The most obvious point of good practice to date has been the early allocation of a substantial proportion of the ERDF budget. This is due in part to the long-term experience

of Cornwall Council and the C&IoS LEP, and also due to the good communication with beneficiaries in the region.

More generally, one of the main advantages of the ITI approach (especially in the context of the UK's June 2016 referendum on leaving the EU) is that it ring-fences ERDF and ESF funds which – under 'normal' OP delivery – could potentially be subject to reallocation at a later stage in the current funding period. Further, it is felt that the ITI approach offers the ability to focus resources on areas of economic and social need in a more targeted, place-based manner. This can be considered akin to the smart specialisation model, in that areas for priority investment can be identified, and multiple funds can then be directed in an integrated manner to support skills development, business growth, etc.

Strategy fiche – London, United Kingdom

1. KEY CHARACTERISTICS OF STRATEGY

Characteristics of city/region

Summary of characteristics	
Type of strategy	Sustainable Urban Development (SUD)
Type of region	More Developed Region
Implementation mechanism	Integrated Territorial Investment (ITI)
Geographical scope	Administrative area of city/town
Planning horizon	2020
Is the strategy new?	Existed but substantially adapted
Size of town/city	More than 5 million inhabitants

As the UK's capital city, London is home to 8.6 million people, with the population forecast to increase to 10 million by 2030 (Eurostat, 2016). It accounts for 22 percent of UK GVA (Office for National Statistics Regional GVA, 2012) and lies within an area classified as a More-Developed Region for ESIF purposes in the 2014-20 period. The London region is however characterised by strong economic and social heterogeneity. Employment is largely concentrated in the centre of the city. London accommodates 5 of the 20 most deprived boroughs in England: Tower Hamlets, Islington, Haringey, Newham and Hackney. These characteristics result in pressures on social welfare, wages and employment conditions, transport and broadband.

Targeted areas

The London ITI strategy document makes occasional reference to areas or neighbourhoods within Greater London which will be targeted, such as the 'Growth Boroughs' of Barking and Dagenham, Greenwich, Hackney, Newham, Tower Hamlets and Waltham Forest, in the context of skills and employment support. However, it does not have an explicit spatial framework for implementation. Given the strong focus on ESF-funded interventions, areas suffering from higher levels of economic and social deprivation (including gang violence) will be especially targeted. There is substantial scope for the Greater London Authority (GLA) and the London Economic Action Partnership (LEAP – formerly known as the London Enterprise Panel, LEP) to focus individual project calls on specific areas as the current funding period progresses. The London ITI also has a spatial focus on the main growth corridors out of London – especially the Thames Gateway to the east – in the context of collaboration with neighbouring Local Enterprise Partnerships.

Challenges and objectives

London's development challenges are based largely on high living costs and the heterogeneity between London boroughs in terms of their economic and social conditions. The SWOT analysis highlights particular challenges as high staffing costs for businesses, high rates of child poverty, social dislocation, the high cost of living, crowding and congestion on transport, and the skills vs. employment mismatch.

The following ESIF investment priorities are supported:

Thematic Objective	TO1	TO2	TO3	TO4	TO5	TO6	TO7	TO8	TO9	TO10	TO11
ERDF	1a, 1b	2a	3a, 3c, 3d	4a, 4b, 4c, 4f		6f					
ESF								8i, 8ii	9i	10iii, 10iv	

Accordingly, the London ITI has adopted four investment priorities. These are: Skills and employment; Enhancing the competitiveness of London's small and medium-sized enterprises; Strengthening science & technological development and fostering innovation; and Investing in London's Infrastructure. These investment priorities support thematic objectives (TOs) 2, 3, 4 and 6 under the ERDF and TOs 8 and 9 under the ESF.

Rationale and added value of the strategy

Part of the stated rationale for using ESI Funds in London is that they have the potential to address development issues in an integrated way to promote the 'physical, economic and social regeneration of deprived areas', recognising the fact that economic and social challenges are interrelated (London Enterprise Panel, 2014-2020 ESIF & SUD Strategy for London, p.24). It is of note that the ITI strategy document – '2014-2020 European Structural and Investment Funds & Sustainable Urban Development Strategy for London' – is not explicitly labelled as an ITI document, and its official status as an 'Integrated Territorial Investment' is mentioned only once, in the chapter on Partnership and Delivery. The LEAP does not consider the ITI format to be critical to the success of ESIF funds.

Implementation mechanisms

Project will be delivered through grants and repayable investments in the form of loans, equity and/or guarantees. The use of financial instruments to deliver interventions is planned, though the London ITI will not fund projects that seek to establish a loan or equity fund. FI usage will incorporate a strong focus on leveraging private investment and making cost savings. There will be no CLLD.

Funding arrangements

The ESIF allocation to the London ITI is €745 million. This is split between ERDF and ESF in a ratio of 27:73. €96.2 million (£75 million) has been earmarked for delivery via financial instruments. The ITI strategy document does not include a detailed breakdown of funding allocations between investment priorities. It states however that both private sector and local match-funding is anticipated, the latter from London boroughs, the GLA, the LEP, further and higher education, and from the community and voluntary sectors. As a More-Developed Region, ESIF can constitute up to 50 percent of each intervention.

London has no EMFF or EAFRD allocation in 2014-20, but the ITI strategy document highlights the importance of other EU funding streams to be used in a complementary manner alongside the ITI (Annex 1). These include COSME (Competitiveness and SMEs), Horizon 2020, and EaSI (Employment and Social Innovation).

Type fund	Name fund	Amount
ESIF	ERDF	€ 204,006,682
	ESF	€ 541,351,376
	Cohesion Fund	
	EMFF	
	EAFRD	
Other European (i.e. COSME, Horizon 2020 etc)	-	
Other domestic	-	
Other (e.g. EIB)	-	

'Specific' implementation methods

Type	Used / being considered / not considered	Amount
Financial instruments	Used	€ 96.2 million
Repayable grants	Used	
Community-Led Local Development	Not considered	
Private sector	Used	
Other	Not considered	

2. IN-DEPTH ANALYSIS

2.1 STRATEGY DESIGN

Design process

The London ITI strategy is the ESIF strategy for London. It was originally published in January 2014, and it built upon the then-LEP's Jobs & Growth Plan for London, published in April 2013. The 2013 Jobs and Growth Plan was a local economic development strategy, developed by the then-LEP to identify priority areas for investment and the better coordination of domestic and EU funding streams (Local Enterprise Partnerships are business-led local authority/business alliances that operate across functional economic areas). The four priorities in the Jobs & Growth Plan for London formed the basis for the four so-called investment priorities in the current London ITI.

The design process was led by the GLA, in partnership with the LEP. The London ITI required a further iteration following the finalisation of the England ERDF Operational Programme (OP) in 2015. This was because the national OP was built largely upon the 39 individual Local Enterprise Partnership ESIF strategies, but after it was completed the national managing authority – the Department For Communities and Local Government (DCLG) – asked all Local Enterprise Partnerships for a 'light touch' refresh of their ESIF strategies.

Consultation process

The ITI strategy was developed through a consultation process with partners, both internally within the GLA and externally. The majority of activities were held in 2013 and included a one-month online consultation on the draft ESIF strategy (October to November 2013). This received 26 responses. The LEP also organised a stakeholder event with social partners held on the 14th October in partnership with the Trades Union Congress; 77 people attended this event. The LEP (now LEAP) published a consultation report in January 2014, in which it detailed some of the feedback obtained. Responses were generally supportive, though some comments focused on the need to ensure inclusiveness with regard to ethnic minority groups, older people, homeless people and those subject to poverty.

Links to domestic pre-existing strategies

The UK does not have an explicit national regional policy, and so the London ITI does not link in with any pre-existing strategy at the national level. As noted, the main springboard for the current ITI strategy was the Jobs and Growth Plan for London from April 2013. The four investment priorities in the ITI are similar to the four priorities in the plan, The main difference here is that priority three, which formerly focused on the digital creative, science and technology sectors, now covers science, technology and innovation more generally.

The London ITI is being delivered amongst various concurrent strategies, some of which pre-date it, such as 'London 2036: An Agenda for Jobs and Growth' (January 2015) and the 'Round Prospectus for the Growing Places Fund', a domestic regeneration fund (last published September 2015).

Measuring the effectiveness and added value of the strategy

In England, OP performance indicator data are held centrally by the Growth Programme Board, the Project Monitoring Committee for the England ERDF and ESF OPs. London's ITI performance targets feed into this; the GLA provides output data to the national MA. These statistics are then used to assess the performance and impacts of the London ITI. In other words, there is no specific monitoring system at the ITI level to measure the effectiveness of the strategy.

The London ITI strategy document provides indicative information on investment priority targets only, and those which are provided are for ERDF only. The strategy states that that 'Where available, the 2007-2013 ERDF programme baselines have been used for calculating the targets'. Information on updated performance and output targets could not be sourced.

Key challenges

One of the main challenges facing the London ITI is the uncertainty presented by the 'Brexit' vote and the UK's pending departure from the European Union. In October 2016, the UK Government announced a guarantee to match EU funding for Structural and Investment Funds projects up to the point at which the UK leaves the EU. However, because the London ITI expects final expenditure to be incurred in 2023, this guarantee does not cover the full duration of delivery and leaves uncertainty regarding the availability of funding in the latter half of the ITI delivery period.

Other key challenges centre on the characteristics of Greater London. Unlike typical urban development strategies, the London ITI places an emphasis on ESF spending in recognition of the significant challenges regarding social and labour market skills in the region. One of the main obstacles is accessing typically hard-to-reach demographic groups such as children in poverty and/or NEETs (those predominantly young people who are 'not in education, employment or training').

2.2 MANAGEMENT, IMPLEMENTATION, MONITORING AND EVALUATION

Institutional architecture and responsibilities

The London Economic Action Partnership (LEAP), known until December 2016 as the London Enterprise Panel (LEP), is the Local Enterprise Partnership for London. The LEAP was established in January 2012 as the successor to the London Skills & Employment Board, which operated from 2006 to 2010. Its self-described role is to identify strategic actions to support and lead economic growth and job creation in the capital.

The Greater London Authority (GLA) is the designated intermediate body (i.e. urban authority) for the London ITI. The GLA was established as a strategic regional authority in 2000, following specific legislation in 1999 (and again in 2007) passed by the UK Government to enable unique governance arrangements in London. The GLA holds significant management responsibilities and oversees the implementation, management and delivery of the London ITI. It reports upwards to the Growth Programme Board at the national level. The managing authority for the England ERDF OP is the Department for Communities and Local Government (DCLG), whereas the MA for the ESF OP is the Department for Work and Pensions.

The GLA and LEAP have established an ESIF Working Group (EWG), responsible for the everyday 'hands-on' implementation, management and delivery of the ITI. The EWG is chaired by an external representative (i.e. non-GLA) and reports to the LEAP and the Growth Programme Board. The EWG operates alongside four other previously-established working groups, each related to one of the priority areas identified in the 2013 Jobs and Growth Plan for London (i.e. there is a Skills and Employment Working Group, an SME Working Group, and so on). The GLA is responsible for the selection of operations that will be supported through the strategy, with ultimate executive responsibility at the regional level residing with the mayor.

London is an atypical UK region because it has a strong degree of devolved autonomy over governance and spending decisions. In particular, since the Greater London Authority referendum in 1998 (and the first appointment in 2000), the Mayor of London has held authority over transport, planning and economic development, amongst other key responsibilities. In the context of the London ITI, the mayor chairs the LEAP and also has responsibility for GLA activity.

Another unusual implementation arrangement based on the prominence of the mayor concerns the 'mayoral decision process'. As the head of the GLA, the Mayor of London is primarily responsible for executive decision-making, or the approval or delegation thereof. This means that the mayor has the authority to reverse GLA decisions regarding the ITI, though this has not yet happened in the 2014-20 period. This also means there is scope for conflicts of interest to arise. The GLA has an agreement with DCLG for any such ERDF-related conflicts of interest that cannot be resolved to be referred upwards. The same will apply for the ESF. This arrangement is seen to ensure transparency, though again there has been no need to implement it in the 2014-20 period.

Special implementation arrangements

The multi-fund approach in the London strategy is characterised by an ESF allocation that significantly exceeds the ERDF amount. The ESIF Working Group's oversight of both funds will help to ensure an integrated approach, as far as is possible under the spending plans. However, the structure of the London ITI does not combine ESF and ERDF within individual so-called 'investment priorities' (i.e. the four main strategic objectives of the ITI; not investment priorities in the usual ESIF sense). Instead, a more segregated approach is being used. The first investment priority, Skills and Employment, is solely delivered through ESF funding. The remaining three investment priorities are solely delivered through ERDF funding.

The London ITI will make use of 'Opt-in' organisations to implement elements of the strategy; these are specialist organisations that can be used to both deliver interventions and provide the match-funding for them. The majority of London's ESF match-funding is being secured in this way, which also ensures the early commitment of funds. The main two Opt-in organisations are the Skills Funding Agency (an executive agency sponsored by the Department for Education) and the Big Lottery Fund (a non-departmental fund-distributing public body). The London ITI strategy document also states that discussions have taken place with UK Trade & Investment, the Manufacturing Advisory Service, Growth Accelerator and the European Investment Bank.

Implementation progress

As of December 2016, the ESF elements of the ITI, which make up the majority of the financial commitment, have been almost entirely match-funded through the Opt-in organisations. One ESF bidding round has taken place, which has resulted in 10 signed project contracts at the time of writing (December 2016). Just over 50 percent of the total ESF budget has been allocated. ERDF implementation is also progressing; four calls for grants have been delivered. Through these, 36 projects are being supported. Approximately two-thirds of these projects had signed contracts before the UK Chancellor's Autumn Statement on 23 November 2016. A fifth call is about to be launched as of December 2016.

Implementation is also progressing through FIs. A proportion of the London ITI ERDF allocation will be allocated to the London Green Fund, which previously successfully ran in 2007-13. A call has been put out to select a fund manager organisation. In the previous period, this function was carried out by the EIB.

Evaluation

No mid-term or ex-post evaluation of the London ITI is currently planned. Rather, the ex-post evaluation for the England ERDF and ESF OPs will cover the London ITI.

2.3 GOOD PRACTICE AND LESSONS LEARNED

The GLA is supportive of the position that there should be greater devolution of governance responsibility to cities, on the basis that spending and programme decisions are better made at the local level. In this regard, the ITI mechanism is favourable. However, because London already had a very strong degree of devolved governance responsibility, the ITI

format is not considered to be of critical importance to the successful delivery of ESIF in London in 2014-20.

The development of the London ITI strategy required the GLA to ascend a learning curve, in common with other urban authorities across the EU. It is felt that more detailed guidance from the Commission, along with a greater emphasis on the simplification of the ITI mechanism, would have been beneficial and is a lesson to take forward into the next funding period.

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