

DRAFT GUIDANCE FICHE
INTEGRATED TERRITORIAL INVESTMENT (ITI)
VERSION 27/02/2013

RELEVANT PROVISIONS IN THE DRAFT LEGISLATION

Regulation	Articles
Common Provisions Regulation	<p>Article 99 - Integrated territorial investment <i>(based on COM proposal, numbering is likely to change)</i></p> <p>Linked provisions:</p> <p>Article 14 - Content of the Partnership Agreement</p> <p>Article 87 - Content and adoption of operational programmes under the Investment for growth and jobs goal</p>
ERDF Regulation	<p>Linked provisions:</p> <p>Article 7 - Sustainable urban development</p>
ESF Regulation	<p>Linked provisions:</p> <p>Article 12 – Territorial features</p>
ETC Regulation	<p>Article 10 - Integrated Territorial Investment</p>

This document is based on the most recent Presidency compromise text and is a provisional text, without prejudice to the on-going negotiations and in particular the position of the European Parliament. Elements which are pending upon institutional agreement are set out or referred to in square brackets.

1. INTRODUCTION

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

2. LEGISLATIVE FRAMEWORK

Article (ex-99) of the CPR [*Presidency compromise text*] sets out the legal basis for the use of ITIs as well as the requirements and restrictions in this regard.

ex-Article 99 (to be moved to Part II)

Integrated territorial investment

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

The action carried out under an ITI may be complemented with financial support from the EAFRD or the EMFF.

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

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

3. *The Member State or the managing authority may designate one or more intermediate bodies, including local authorities, regional development bodies or non-governmental organisations, to carry out the management and implementation of an ITI **in accordance with the Fund-specific rules.***
4. *The Member State or the relevant managing authorities shall ensure that the monitoring system for the [...] programme(s) provides for the identification of operations and outputs of a priority axis **or Union priority** contributing to an ITI.*

Article 10 of the ETC Regulation [*Presidency compromise text*] specifies the management arrangements for ITIs under the European Territorial Cooperation goal.

Article 10

Integrated territorial investment

*For cooperation programmes, the intermediate body to carry out the management and implementation of an Integrated territorial investment referred to in Article 99(3) of Regulation (EU) No./2012 [CPR] shall be [...] a legal body established under the laws of one of the participating countries **or an EGTC** provided that it is set up by public authorities from at least two participating countries.¹*

3. BASIC FEATURES OF INTEGRATED TERRITORIAL INVESTMENT



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

An ITI is an implementation tool for territorial strategies. An ITI is not an operation, nor a sub-priority of a programme. As set out in paragraph 1 of Article 99 of the CPR, an ITI allows Member States to implement programmes in a cross-cutting way and to draw on funding from at least two different priority axes in the same or different programmes to ensure the implementation of an integrated strategy for a specific territory.

The key elements of an ITI are:

- a designated territory with an integrated (i.e. multi-sectoral and comprehensive) territorial development strategy to serve as the basis for the implementation of the ITI;
- an arrangement that draws on funds from at least two different priority axes or programmes and ensures that these funds are used in an integrated manner.

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

It is not compulsory for an ITI to cover the whole territory of an administrative level. An ITI can be implemented at any (sub-national) level, for which an integrated territorial development strategy has been set up. It may cover a region, a functional area, an urban or a

¹ Note that the Commission has a reservation on the drafting proposed by the Council. It has to be clear that the conditions set out in the last part of the sentence "provided that..." apply to the "legal body established under the laws of one of the participating countries".

rural municipality, a neighbourhood or any other sub-national territory. An ITI can also be used in the context of European Territorial Cooperation programmes (ETC).

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



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

As set out in paragraph 1 of Article 99 of the CPR, Member States have a choice whether or not to use ITIs. In the case of sustainable integrated urban development under Article 7 of the ERDF Regulation, Member States may envisage a dedicated priority axis or a specific operational programme for sustainable urban development as an alternative to ITIs or in addition to ITIs [*PRES compromise text for Article 7 of the ERDF Regulation, institutional agreement pending*].



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

ITIs can be mono-fund (in such a case support is drawn from multiple priority axes in one or more programmes supported from the same Fund), or they can be used to combine support from several European Structural and Investment Funds (ESI Funds). Paragraph 1 of Article (ex-) 99 sets out that support from EAFRD and EMFF to an ITI may only be complementary to that provided under the ERDF, ESF and the Cohesion Fund, therefore it is not possible to set-up self-standing ITI supported only from EAFRD and/or EMFF [*PRES compromise text, institutional agreement pending*].



An ITI can include the use of non-repayable grants, repayable assistance as well as financial instruments. It is also possible that an ITI includes elements implemented through community-led local development.

The set-up of an ITI does not prejudice the form of support used. Particularly in cases where ITIs are used to implement large parts of programmes or all interventions from the Funds within a region, there can be scope to use other specific territorial development tools, such as community-led local development. The latter case is the most likely where a programme is

implemented entirely through ITIs, but may be possible also in other cases. The managing authority or the intermediate body fulfilling the tasks of the managing authority will remain responsible for the tasks set out in Article 29 and 30 of the CPR. Where an ITI combines financing from different ESI Funds within territory this set-up also can also facilitate joint capacity building, selection and financing of local development strategies from different ESI Funds by the managing authority or the intermediate body responsible (especially where the same managing authority or the same intermediate body is responsible for the entire ITI).

4. REQUIREMENTS FOR STRATEGIC PROGRAMMING

An ITI is an implementation tool, and does not constitute an approach to territorial development in itself. In some cases it can be the main delivery instrument for the implementation of programmes (e.g. it is possible to manage national operational programme(s) divided into regional ITIs), in other cases it can concern relatively modest parts of the programmes. Where ITIs are set up as a main delivery instrument for the programmes it is likely that the areas they cover and their implementation arrangements are clear at the stage of strategic programming. However, in some cases ITIs may also be subject to competitive selection procedures. It is also possible to set up new ITIs over the course of the programming period, provided that the financial allocations set out in relevant programmes allow for it. Therefore the level of the detail of the information that the Member States can provide at the stage of strategic programming may vary.

The Partnership Agreement should outline the main territorial challenges and the main elements of the territorial strategy, including the means to achieve an integrated approach at regional and sub-regional level, identifying, inter alia, the implementation arrangements to be used, including the arrangements for the use of ITIs².

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

² Article 14 (2) (a) CPR:

The Partnership Agreement shall also indicate:

- (a) an integrated approach to territorial development supported by the CSF Funds **or a summary of the integrated approaches to territorial development based on the content of the programmes**, setting out:
 - (i) the arrangements to ensure an integrated approach to the use of the CSF Funds for the territorial development of **specific sub-regional areas**, in particular the implementation arrangements for Articles 28, 29 and ex-99 accompanied, by **the principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented;**

/.../

The operational programmes for the ESF, ERDF and the Cohesion Fund should outline the approach to the use of the ITIs (other than those used for the purposes of integrated urban development)³. This should include, where relevant:

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

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

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

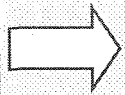
ITIs are set up at national or regional level – there is no specific procedure for the assessment or approval of ITIs by the Commission.

³ Article 87 (3) (b) and (c) CPR:

3. The Operational Programme shall describe, taking into account its content and objectives, the integrated approach to territorial development, having regard to the Partnership Agreement, and showing how it contributes to the accomplishment of the programme objectives and expected results, specifying, where appropriate, the following: /.../
 - (b) the indicative **amount** of the ERDF support for integrated actions for sustainable urban development, to be **implemented in accordance with the provisions** under Article 7(2) of Regulation (EU) No [ERDF] and the indicative allocation of ESF support for integrated actions;
 - (c) **the approach to the use of the Integrated Territorial Investment instrument other than in cases covered by (b), and their indicative financial allocation from each priority axis;**

/.../

5. DELEGATION OF IMPLEMENTATION TASKS



Delegation of management tasks linked to an ITI is generally not mandatory. Where the Member State chooses to set up ITIs for the implementation of sustainable integrated urban development actions under Article 7 of the ERDF Regulation the involvement of urban authorities in project selection is required. [*Specific requirements for the involvement of urban authorities and for delegation of tasks in case of urban development are still subject to negotiation*]

As set out in paragraph 3 of ex-Article 99, the managing authority may designate one or more intermediate bodies, including local authorities, regional development bodies or nongovernmental organisations, to carry out the management and implementation of an ITI, in accordance with the Fund-specific rules. Where implementation tasks of an ITI are delegated, it is recommended to use a single intermediate body (i.e. one intermediate body per ITI), where possible, in order to preserve the integrated character of this instrument. Where tasks are not delegated to a single intermediate body, effective coordination mechanisms are essential ensure an integrated approach. In the case of the ERDF, the involvement of urban authorities is required (at least in project selection) where the Member State chooses to set up one or more ITI to implement sustainable integrated urban development actions falling under Article 7 of the ERDF Regulation [*the requirement for delegation of tasks is still subject to negotiation*].

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

Where tasks of the managing authority as set out under Article 114 of the CPR⁴ (or tasks of the certifying authority as set out under Article 115 of the CPR) in relation to an ITI are delegated to other bodies (including the urban authorities referred to in Article 7 of the ERDF Regulation), the latter are considered intermediate bodies. As is the case with other intermediate bodies, appropriate arrangements for reporting and supervision must be agreed between the managing authority and the intermediate body in charge of the implementation of the ITI. The authorities to which management tasks are delegated must be designated as intermediate bodies by the Member State (Article 113 (7) of the CPR). However,

⁴ Articles 114 and 115 of the Common Provisions Regulation apply only to the ERDF, the ESF and the Cohesion Fund. In case of EAFRD, tasks may be delegated to an intermediate body according to principles set out in Article 73(2) of the EAFRD Regulation.

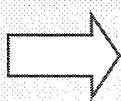
intermediate bodies are not subject to the formal designation procedure applied to managing and certifying authorities set out in Article 113 *bis* [introduced by the Presidency compromise text, pending institutional agreement] of the CPR. It is therefore up to the Member State to determine an appropriate procedure for their designation. As is the case with all intermediate bodies to which tasks are delegated by the managing authority, the latter maintains the ultimate responsibility for the implementation of the delegated tasks.

Given that an ITI may draw on support from multiple programmes or ESI Funds, an ITI may require a simultaneous delegation of implementation tasks by multiple managing authorities/paying agencies⁵. As each managing authority/paying agency remains responsible for their programme, it must be ensured that agreements between the managing authority/paying agency and the intermediate body are clear as regards reporting obligations towards each of the managing authorities/paying agencies. In practice the implementation of an ITI is simpler, if all managing authorities/paying agencies concerned delegate implementation tasks to the same extent and agree on similar reporting requirements in accordance with the CPR and the Fund-specific Regulations.

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

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

6. MONITORING AND REPORTING




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

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

⁵ Paying agency functions could be delegated under EAFRD and EMFF except for payment tasks..

implies that audit trail enables to separate and declare expenditure for each individual priority axis contributing to the ITI. The same principle applies to data related to indicators, including indicators and implementation steps included in the performance framework. However, in order to be able to report on the effectiveness of the ITI itself it is important that one or more indicators used at the ITI level relate to the objective of the integrated territorial development strategy the ITI implements.

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

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

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

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

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

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