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DRAFT REPORT

on new territorial development tools in cohesion policy 2014-2020: Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD) (2015/2224(INI))

Committee on Regional Development

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on new territorial development tools in cohesion policy 2014-2020: Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD) (2015/2224(INI))

The European Parliament,

- having regard to the Treaty on the Functioning of the European Union and in particular Title XVIII thereof,
- having regard to Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (hereinafter ‘the CPR’)¹,
- having regard to Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006²,
- having regard to Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005³,
- having regard to Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council⁴,
- having regard to Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal⁵,
- having regard to the ‘Territorial agenda of the EU 2020’, agreed at the Informal Ministerial Meeting of Ministers responsible for Spatial Planning and Territorial Development, in Gödöllő, on 19 May 2011,

¹ OJ L 347, 20.12.2013, p. 320.

² OJ L 347, 20.12.2013, p. 289.

³ OJ L 347, 20.12.2013, p. 487.

⁴ OJ L 149, 20.5.2014, p. 1.

⁵ OJ L 347, 20.12.2013, p. 259.

- having regard to the opinion of the Committee of the Regions on Community-led Local Development of 29 November 2012¹,
- having regard to the opinion of the Committee of the Regions on the Outcome of the negotiations on the partnership agreements and operational programmes of 9 July 2015²,
- having regard to the opinion of the European Economic and Social Committee on Community Led Local Development (CLLD) as a tool of Cohesion Policy 2014–2020 for local, rural, urban and peri-urban development (exploratory opinion at the request of the Greek Council presidency) of 11 December 2014³,
- having regard to its resolution of 15 January 2013 on optimising the role of territorial development in cohesion policy⁴,
- having regard to its resolution of 14 January 2014 on EU Member States preparedness to an effective and timely start of the new Cohesion Policy Programming period⁵,
- having regard to the briefing entitled ‘Tools to support the territorial and urban dimension in cohesion policy: Integrated territorial investment (ITI) and Community-led Local Development (CLLD)’, Directorate-General for Internal Policies, Department B: Structural and Cohesion Policies, European Parliament, October 2015,
- having regard to the study entitled ‘Territorial governance and Cohesion Policy’, Directorate-General for Internal Policies, Department B: Structural and Cohesion Policies, European Parliament, July 2015,
- having regard to the study entitled ‘Strategic coherence of Cohesion Policy: comparison of the 2007-13 and 2014-20 programming periods’, Directorate-General for Internal Policies, Department B: Structural and Cohesion Policies, European Parliament, February 2015,
- having regard to the Commission’s sixth report on ‘Economic, social and territorial cohesion: Investment for jobs and growth – Promoting development and good governance in EU regions and cities’, July 2014,
- having regard to the study entitled ‘Territorial Agenda 2020 put in practice - Enhancing the efficiency and effectiveness of Cohesion Policy by a place-based approach’, volume II - case studies, European Commission, May 2015,
- having regard to the report entitled ‘How to strengthen the territorial dimension of ‘Europe 2020’ and EU Cohesion Policy based on the Territorial Agenda 2020’, prepared at the request of the Polish Presidency of the Council of the European Union, September 2011,

¹ OJ C 17, 19.1.2013, p. 18.

² OJ C 313, 22.9.2015, p. 31.

³ OJ C 230, 14.7.2015, p. 1.

⁴ Texts adopted, P7_TA(2013)0002.

⁵ Texts adopted, P7_TA(2014)0015.

- having regard to the report entitled ‘Job Creation and Local Economic Development’, Organisation for Economic Co-operation and Development (OECD), November 2014,
 - having regard to the report entitled ‘Local Economic Leadership’, Organisation for Economic Co-operation and Development OECD, 2015,
 - having regard to Rule 52 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development and the opinion of the Committee on Employment and Social Affairs (A8-0000/2015),
- A. whereas territorial cohesion is a fundamental objective of the European Union, enshrined in the Lisbon Treaty;
 - B. whereas the 2014-2020 generation of cohesion policy provides for and encourages the use of integrated and place-based approaches to foster economic, social and territorial cohesion;
 - C. whereas CLLD and ITI are innovative instruments in cohesion policy, which some Member States will implement in such form for the first time and which can contribute significantly to the achievement of economic, social and territorial cohesion, the creation of quality local jobs, sustainable urban development and attainment of the Europe 2020 objectives;
 - D. whereas CLLD builds on the LEADER approach which has led to an exponential increase in Local Action Groups (LAGs) since its inception in 1991;
 - E. whereas ITI is a tool which can be used to deliver integrated actions for sustainable urban development, as defined in Article 7 of the European Regional Development Fund (ERDF) regulation (Regulation (EU) No 1301/2013); whereas it can also target other types of territory;
 - F. whereas considerable differences exist between the Member States in terms of governance structures and experience in bottom-up development initiatives;
 - G. whereas the capacity and engagement of local actors is essential for the success of these tools;
 - H. whereas it is crucial for localities to properly identify their assets and strategic advantages and build upon these when developing their local development strategies;

General considerations

1. Notes that proper delegation of responsibilities to local actors and their ownership of territorial development strategies are crucial for the success of the bottom-up approach; stresses, however, that local actors require technical and financial support from national and EU levels, especially in the early stages of the implementation process;
2. Is concerned that certain Member States are reluctant to embrace the bottom-up approach and to entrust an adequate level of responsibilities to local groups; calls on the Commission, while fully remaining within its competences, to provide

recommendations to Member States on how to overcome the trust issue between the different levels of governance related to the implementation of CLLD and ITI;

3. Draws attention to the fact that actions taken under these tools need to be closely aligned with the overarching objectives of the operational programmes as well as with other national, regional and local development strategies and smart specialisation strategies;
4. Considers youth unemployment to be one of the most pressing issues facing a large number of Member States; stresses that local and territorial development strategies have to recognise tackling youth unemployment as one of their top priorities;
5. Invites the Member States to provide additional support and guidance to smaller and less developed localities which often have limited resources and capacity and for which the administrative burden and complexity related to the implementation of these tools may be overwhelming;
6. Encourages the Member States to increase the use of CLLD and ITI and to allow more flexible rules in areas referred to in Article 174 of the Treaty on the Functioning of the European Union, such as islands, mountainous and rural regions;
7. Stresses that the integration of multiple funds continues to be a challenge for stakeholders, particularly in the context of CLLD and ITI; considers that comprehensive simplification efforts are necessary in order to create favourable conditions for the implementation of these tools; welcomes, therefore, the establishment of the High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds and the Commission's efforts in the field of Better Regulation; stresses the need to find common ground when making recommendations, as simplification in one Member State might lead to complication in another;
8. Highlights, in particular, the necessity to tackle gold-plating practices by which additional, and often unnecessary, requirements and hurdles are created at national and regional levels; notes that many audit layers often exist which increase the administrative burden for beneficiaries; recommends that audit activities are streamlined and that monitoring is focused on performance, while maintaining an adequate level of control;
9. Calls on the Member States to develop and implement targeted training activities focusing on CLLD and ITI for local actors; considers it crucial to ensure the involvement and adequate representation of all relevant sectors of society in such activities; stresses the importance of the efficient and effective use of technical assistance in supporting these instruments;
10. Encourages the Commission and Member States, where appropriate, to ensure that adequate mechanisms are in place to help resolve potential disputes between the managing authorities and individual partnerships and to also ensure that potential beneficiaries are appropriately informed and aware of the possibilities available to them to challenge decisions taken by the managing authorities;

11. Calls on the Commission, and in particular its Directorate-General for Regional and Urban Policy, to establish a cooperation framework with the Organisation for Economic Co-operation and Development (OECD) in order to benefit from its long experience in delivering the Local Economic and Employment Development (LEED) programme, and to seek synergies between the tools, especially with regard to enhancing the implementation capacity of local actors;

Community-led local development (CLLD)

12. Welcomes the creation of the new CLLD instrument, which has gone beyond the previous LEADER initiative to empower local communities and provide specific local solutions, not only via EAFRD, but also the other ESI Funds;
13. Points out that CLLD can also offer possibilities for urban areas and can be an important part of wider urban development strategies;
14. Regrets that in a number of Member States CLLD will be instituted through a mono-fund approach which can lead to missed opportunities in creating more effective local development strategies;
15. Encourages capacity building and awareness-raising among social and economic partners, as well as civil society stakeholders, so that as many partners as possible can propose CLLD strategies before the deadline for proposals (31 December 2017);
16. Calls on the Commission, together with the Member States, to encourage the sharing of best practices concerning LAGs at European level while using existing instruments and platforms such as TAIEX REGIO PEER 2 PEER, URBACT, and the Urban Development Network;
17. Highlights the fundamental importance of a non-discriminatory and transparent approach and of minimising potential conflicts of interest; welcomes, furthermore, the participation of a wide range of partners in LAGs; emphasises, however, that the provision whereby public authorities cannot hold more than 49% of voting rights in LAGs, as provided for in the current legislative framework, may in certain situations impede the implementation of CLLD since the other interest groups involved might lack the adequate expertise and resources; asks the Commission to closely monitor and assess the implementation of this provision in order to detect regions where these requirements can pose particular problems, and possibly provide future recommendations;

Integrated Territorial Investment (ITI)

18. Notes that diverse governance approaches are possible in the implementation of ITIs; considers it crucial, nevertheless, that local partners play their role as key actors in preparing the territorial development strategy of the ITI, and are also fully involved in its management, monitoring and audit responsibilities, thereby helping to ensure genuine local ownership of ITI interventions;
19. Stresses that the early involvement of local governments in the territorial development strategy, leading from the bottom up, is key for the future ownership, participation and

success of the integrated territorial strategy that will be implemented at the local level;

20. Encourages the Member States to opt for a truly multi-fund approach to ITIs in order to achieve synergies between the funds in a given territory and to tackle challenges in a more comprehensive manner;
21. Welcomes the efforts of the Commission, together with the Expert Group on Territorial Cohesion and Urban Matters (TCUM), on preparing ITI scenarios; endorses the view, however, that such guidance was needed earlier in the programming process and that its usability is therefore questionable; considers it necessary to update the guidance with real examples and lessons learned from ITIs once they are implemented;

Future recommendations

22. Is of the opinion that CLLD and ITI should play a more prominent role in the future cohesion policy; calls on the Commission to prepare a report before the new legislative proposal on possible post-2020 scenarios related to these tools;
23. Asks for the abovementioned report to analyse whether a compulsory approach in the post-2020 cohesion policy legislation concerning CLLD and ITI would be desirable, with minimum earmarking for these instruments in operational programmes; proposes, alternatively, that the option of designing concrete incentives to stimulate Member States to implement CLLD and ITI be assessed;
24. Recommends that the bottom-up approach in the context of ITI is formalised in the next generation of cohesion policy;
25. Is of the opinion that there is a need for a twofold approach, in particular in providing guidance, for Member States which have only national operational programmes and for those with regional operational programmes;
26. Insists on better coordination in the future between the Commission and the Member States with regard to guidance; recommends that guidance be developed simultaneously with the proposal on the new cohesion policy legislation, with subsequent updates if the provisions are changed during the negotiation process; stresses that this would enable the timely delivery of guidance documents and would also provide clarifications during the negotiations on how the proposed provisions would be implemented in practice;
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27. Instructs its President to forward this resolution to the Council, the Commission and the national parliaments.

EXPLANATORY STATEMENT

Background

Territorial cohesion was recognised as a fundamental objective of the EU and enshrined in the Lisbon Treaty. Against this backdrop, the new generation of cohesion policy for the 2014-2020 programming period puts greater emphasis on the use of integrated and place-based oriented approaches to foster economic, social and territorial cohesion. The new ERDF regulations stipulate a ring-fenced budget of 5% of expenditure for sustainable urban development.

Under the framework of the European Structural and Investment Funds two new instruments have been introduced in the 2014-2020 programming period in order to achieve the territorial cohesion objective: Community-Led Local Development (CLLD) and Integrated Territorial Investments (ITI).

CLLD (Articles 32-35 of the Common Provisions Regulation (CPR)) is a new tool for use at sub-regional level. It is based on the LEADER experience of community-led local development and is based on a bottom-up approach: it aims to strengthen synergies between local actors, both public and private.

ITI (Article 36 of the CPR) will help implement integrated territorial strategies as it allows bundling of funding from several priority axes of one or more operational programmes. ITIs can be used for delivering the sustainable urban development objective, but can be also aimed at other types of territory.

The Member States had to indicate in their Partnership Agreements how ITI and CLLD will be used by Member States and the types of areas and challenges that these mechanisms will address.

In terms of resources allocated to ITIs and CLLD, around 5% of the cohesion policy budget (approximately EUR 16 billion) is expected to be used for these tools. 20 Member States will use ITIs (EUR 13.6 billion), 17 Member States will use ITIs in order to deliver sustainable urban development actions (EUR 7 billion), as stated in Article 7 of the ERDF Regulation. When it comes to CLLD, a total of 18 Member States have expressed their intention to implement it. The take-up is based mostly on the European Agricultural Fund for Rural Development (EAFRD) and the existing LEADER programme, as stipulated in the respective regulation¹.

Challenges

It is difficult to evaluate ITI and CLLD for the 2014-2020 programming period but some challenges have already been identified by the EU institutions, researchers, managing authorities, and local actors. This can be summarised as follows²:

¹ At least 5 %, and in the case of Croatia 2,5 %, of the total EAFRD contribution to the rural development programme shall be reserved for LEADER (Article 59(5) of Regulation (EU) No 1305/2013)

² European Parliament briefing entitled “Tools to support the territorial and urban dimension in cohesion policy:

CLLD challenges:

- Very complex concept;
- Many practical challenges (mainly linked to the capacity of the actors on the ground);
- resistance to move away from top-down approaches and giving “power” to local groups;
- Seen as not necessary in some MS and regions because consultation with local actors is already being used and no added value;
- CLLD when supported by ERDF and ESF is perceived as an administrative burden for local authorities and local actors;
- Member states having used LEADER have a considerable experience with CLLD compared to others;
- Take-up of CLLD, management and administration, financial commitments, territorial focus.

ITI challenges:

- Questions in terms of governance frameworks, administrative and institutional capacities and the way the results orientation and thematic concentration obligations are applied;
- Responsibilities for implementation are delegated to local bodies which often have limited expertise or resources to implement projects;
- New tool and there is still no expertise at local level leading to delays (implementation difficulties);
- Little guidance provided by the EC but as ITI is a very flexible tool, not all possible arrangements can be detailed (there is an Expert Group on Territorial Cohesion and Urban Matters (TCUM))
- Duplication of administrative structures, lack of flexibility, funding being tied up for the whole programming period and lack of alignment with other development strategies. Implementation too complex if the funding available is small.

Challenges relevant to both CLLD and ITI:

- Complexity of regulations and concepts and increase administrative burden (the scale of administrative organisation that is required might have prevented some countries of using ITI (e.g. Ireland) or using multi-funded CLLDs (e.g. Luxembourg));
- There are several possible approaches to CLLD and this takes time and financial commitment to implement in terms of administrative structures;
- Member States fearing local influence in territorial development;
- Limited budget attributed to ITI and CLLD;
- Integration of multiple funds is considered as a challenge;
- Linkages between both are subject to several debates between regional authorities.

Key recommendations

Your rapporteur believes that the bottom-up approach and participation of local actors is essential for achieving the objectives of cohesion policy. Yet, in a number of Member States a lack of trust can be observed between the different levels of governance when it comes to the implementation of CLLD and ITI. This is an important issue to solve as it can seriously

hamper the realisation of the territorial approach.

Furthermore, local actors unfortunately often lack the capacity to develop and implement development strategies that concern their territory. They are in need of support from both the national and EU levels in order for these tools to bring the desired effect. This is particularly important for smaller localities and disadvantaged areas such as islands, mountains and rural areas. Targeted activities are necessary in order to bring these tools closer to local actors and to build their capacity so that they can successfully participate in strategies aimed at their territory. Using the existing resources and platforms will be key in these efforts.

The youth is often left aside in discussions around public policies. It is essential to include young people in territorial development tools, especially CLLD. A staggering number of 14 million young people are not in employment, education or training (NEET), while the youth unemployment rates have risen above 50% in certain Member States. CLLD with an emphasis on youth can be a binding factor between generations within communities and can develop new paths to employment.

Your rapporteur considers that the multi-fund possibilities afforded in the new regulations should be exploited to the extent possible so as to achieve a truly integrated/holistic approach to cohesion policy interventions. At the moment, there are still wide differences in the way the ESI Funds are to be implemented. Moreover, additional and often unnecessary requirements and hurdles are created at national and regional levels (so called “gold-plating” practices) which add further complexity and deter from using tools such as CLLD and ITI. Considerable simplification is necessary to reduce this hefty administrative burden and complexity. There are high expectations in this regard from the new High Level Group of Independent Experts on Monitoring Simplification for Beneficiaries of the European Structural and Investment Funds, set up by the Commission.

Your rapporteur would like to see tools such as ITI and CLLD having a more prominent role in the future discussions on cohesion policy, with a greater and more formal emphasis on the bottom-up approach. The Commission will be in a position to evaluate the implementation of these tools in the 2014-2020 period as well as to develop scenarios and provide recommendations for the post-2020 period.