



Plenary sitting

A8-0032/2016

22.2.2016

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

Rapporteur: Ruža Tomašić

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION	3
EXPLANATORY STATEMENT.....	14
OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS.....	17
RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE.....	21

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 14 October 2011 on demographic change and its consequences for the future cohesion policy of the EU⁴,
- having regard to its resolution of 15 January 2013 on optimising the role of territorial development in cohesion policy⁵,
- 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 period⁶,
- having regard to its resolution of 26 November 2015 entitled ‘Towards simplification and performance orientation in cohesion policy 2014-2020’⁷,
- 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

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 Text adopted, P7_TA(2011)0485.

⁵ Texts adopted, P7_TA(2013)0002.

⁶ Texts adopted, P7_TA(2014)0015.

⁷ Text adopted, P8_TA(2015)0419.

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,
 - 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 (A8-0032/2016),
- 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 in order to foster economic, social and territorial cohesion while also promoting territorial governance;
- C. whereas integrated and place-based approaches are intended to improve the performance and efficiency of public interventions by meeting the specific requirements of the territories and helping to make them more attractive;
- D. whereas CLLD and ITI are innovative instruments in cohesion policy, which some Member States will implement in this 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 development and attainment of the Europe 2020 objectives;
- E. whereas the new ITI and the CLLD initiatives represent step changes in the ability of local stakeholders to combine funding streams and plan well-targeted local initiatives;
- F. whereas the empowerment of regional and local organisations is essential for the full implementation of the policy of economic, social and territorial cohesion; whereas innovative approaches, prioritising local knowledge to address local problems with local solutions, have assumed growing importance; whereas participatory governance, such as participative budgeting, has the necessary tools for public participation, with the aim of giving responsibility for decisions at local community level;
- G. whereas CLLD is based on the experience of implementing LEADER, URBAN and EQUAL in previous funding periods, and builds mainly on the LEADER approach, which has led to an exponential increase in Local Action Groups (LAGs) since its inception in 1991 and contributed significantly to improving the quality of life of the

population, particularly in rural areas;

- H. whereas CLLD is mandatory for the EAFRD only, and optional for the ERDF, the ESF and the EMFF;
- I. whereas these two new instruments can play an important role in adapting to demographic change and reversing inter-regional imbalances in development;
- J. whereas CLLD takes a bottom-up approach with the aim of setting up objects and financing projects linked to the local needs of the community rather than imposing objectives at national level;
- K. whereas ITI is a tool which can be used to deliver integrated actions for sustainable urban development, as defined in Article 7 of Regulation (EU) No 1301/2013;
- L. whereas there are differences in level among the Member States in terms of governance structures and experience in bottom-up development initiatives;
- M. whereas the capacity and engagement of regional and local actors is essential for the success of these tools, regardless of the competences defined for each organisation;
- N. whereas the regional and local authorities are called on to intervene in decisions on their own development, and to promote synergies between the public and private sectors as essential guidelines capable of delivering effective management and administration of projects, and of ensuring the stability of commitments made;
- O. whereas it is crucial for local and regional authorities, in decisions which concern their own development, to properly identify, in accordance with the input from the community, their assets and strategic advantages and to build upon these when developing their regional and local development strategies, which, together with the input of their community, would increase the quality of life of citizens by clarifying problems that occur, establishing priorities and outlining sustainable solutions together with the citizens;
- P. whereas Article 7(3) of Regulation (EU) No 1301/2013 lays down that, ‘taking into account its specific territorial situation, each Member State shall establish in its Partnership Agreement the principles for the selection of urban areas where integrated actions for sustainable urban development are to be implemented and an indicative allocation for those actions at national level’;
- Q. whereas the RURBAN initiative for cooperation between rural and urban areas contributes to strengthening regional competitiveness and creating partnerships for development;
- R. whereas at European Union level budgets should be based on performance, and whereas resources allocated in the framework of ITI and CLLD must be used efficiently, through the attainment of the political objectives and established priorities and have the highest added value for the objective pursued, and whereas the results obtained should be delivered at the lowest possible cost;

General considerations

1. Notes that tangible involvement of regional and local actors from the outset, their commitment and ownership of territorial development strategies and proper delegation of responsibilities and resources to lower levels of decision-making are crucial for the success of the bottom-up approach; considers that the involvement of partners can also strengthen the integrated and place-based approach, in particular where take-up of CLLD and ITI is low; stresses, however, that local actors require technical and financial support from the regional, national and EU levels, especially in the early stages of the implementation process;
2. Calls for the setting out of strategies at the initial stages of the implementation process in collaboration with regional and local actors, particularly at the level of specific and specialist training, and of technical and financial support, in the context of an effective partnership between the regions, Member States and EU;
3. Is of the opinion that sub-delegation of competences and resources, within the framework of ESI Funds, needs to be further promoted and that the reluctance of management authorities to do so may limit the potential of the two instruments; calls on the Member States to advocate a bottom-up approach, conferring responsibility on local groups; calls on the Commission, while fully remaining within its competences, to provide recommendations and comprehensive guidelines to Member States on how to overcome the lack of trust and administrative obstacles between the different levels of governance related to the implementation of CLLD and ITI;
4. Highlights the fact that at the local level, the design of high-quality integrated multi-sectoral innovative strategies is a challenge, especially when this has to be undertaken in a participative way;
5. Draws attention to the fact that actions taken under these tools, while taking into account the priorities of local actors, need to be aligned with the overarching objectives of the operational programmes as well as with other EU, national, regional and local development strategies and smart specialisation strategies, while allowing for margins of flexibility;
6. Recalls that it is not only EU programmes that need to be more flexible and better integrated, but also mainstream national and regional policies; stresses that ensuring a more general spirit of governance reform will help to ensure that EU funds are not delivered in a 'parallel' framework to national and regional policies, but rather are embedded in a broader drive to produce sustainable economic outcomes;
7. Considers youth unemployment to be the most pressing issue for the Member States, together with the SMEs lack of financing; stresses that local and territorial development strategies have to address these issues as one of their priorities; calls on local and regional authorities to provide tax and other incentives to promote youth employment and intra-regional youth mobility as well as to prioritise vocational training, in partnership with training institutions;
8. Recommends that local and regional authorities pay particular attention to projects aimed at adapting localities and regions to the new demographic reality and

counteracting the imbalances resulting therefrom, particularly through: 1. the adaptation of social and mobility infrastructures to demographic change and migratory flows; 2. the creation of specific goods and services aimed at an ageing population; 3. support for job opportunities for older people, women and migrants that contribute to social inclusion; 4. enhanced digital connections and the creation of platforms that enable and foster the participation and interaction of the citizens of the more isolated regions with the various administrative, social and political services of authorities at all levels (local, regional, national and European);

9. Invites the Commission and the Member States to provide additional support, training and guidance to smaller and less developed localities which have more limited resources and capacity and for which the administrative burden and complexity related to these tools may be difficult to take on during planning and implementation; recalls that territorial cohesion starts from the bottom up and must also involve small administrative entities, without any exclusion or discrimination as regards access to ITI and CLLD; calls on the Commission to communicate best practice results in each Member State and suggests that they be shared through an online network that would allow those entities to have equal opportunities for accessing the tools; encourages national and regional authorities to propose solutions aimed at grouping of small administrative entities taking into account the territorial dimension and specific development needs;
10. Encourages the Member States to set out a strategy for increasing the use of CLLD and ITI through a multi-fund approach for the creation of more effective regional and local development strategies, in particular in areas referred to in Article 174 of the Treaty on the Functioning of the European Union; calls on the Member States to make use of the flexibility, where appropriate, as provided for in Article 33(6) of the CPR, to better respond to the specificities of these regions; encourages specific measures for providing technical support and capacity building to the administrative bodies in these areas, in light of their isolation and partial competitive disadvantage;
11. Stresses that the integration of multiple funds continues to be a challenge for stakeholders, particularly in the context of CLLD and ITI; considers that simplification efforts are necessary in order to create 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 a European framework when making recommendations;
12. Highlights, in particular, the necessity to tackle gold-plating practices by which additional, and often unnecessary, requirements and hurdles are created at national, regional and local levels; notes that many audit layers often exist which increase the financial and administrative burden for beneficiaries; insists on avoiding the overlap of administrative tasks and stresses the importance of establishing conditions for investments and public-private partnerships; recommends that audit activities are streamlined and that monitoring is focused on the process and on performance evaluation, while maintaining efficient control;
13. Calls on the Commission and the Member States to develop and implement targeted

training activities focusing on CLLD and ITI for regional and local actors, and invites the Commission to give attention to training programmes geared to local beneficiaries; considers it crucial to ensure the involvement and 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, without duplicating organisations;

14. Welcomes the Commission's focus on results and outcomes, which should also help local policy makers to move away from an excessive focus on fund absorption and the cataloguing of implementation processes towards identifying real and meaningful targets that will produce tangible change for their local businesses and residents;
15. Expresses concern about the lack of proper communication among the various stakeholders; encourages initiatives aimed at increasing information exchange; invites the Commission, in cooperation with the Member States, to enhance coordination and dissemination of information concerning CLLD and ITI; insists that CLLD and ITI increase citizen participation in local and regional governance, through direct involvement in the decision-making process, in order to increase accountability for decisions, and calls on local and regional authorities to undertake appropriate methods for involving citizens in public consultations, by encouraging a higher level of deliberative and collaborative culture;
16. Encourages the Commission, Member States and regions, where appropriate, to ensure that adequate mechanisms are in place to avoid problems between the managing authorities and individual partnerships and to also ensure that potential beneficiaries are appropriately informed and protected as regards these mechanisms; notes the delays caused by resolution of disputes following contestations and insists on the establishment of a set of specific rules to determine procedures for contestation and rapid resolution of public procurement;
17. 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;
18. Underlines the importance of increased efforts by both the Member States and the Commission to expand the use of the new tools in the context of European Territorial Cooperation (ETC); stresses that neighbouring areas divided by a border often face similar challenges which can be better tackled jointly, at the local level;
19. Is concerned with the high unemployment rates in many Member States and regions of the EU; encourages the Member States to use these instruments on projects to create high-quality jobs and opportunities for SMEs, promote investment, sustainable and inclusive growth, and social investment and to contribute to poverty reduction and social inclusion, especially in those regions and sub-regions where it is most needed; points out in this regard the importance of integrated funding, and especially the combination of ESF and ERDF; points to the potential of reinvesting parts of local taxes in performance-oriented activities; calls on the Commission to develop a special investment strategy, in line with the Social Investment Package, which could benefit

regions with the highest unemployment rates;

20. Stresses the potential of the bottom-up approach of CLLD in supporting local development strategies, creating job opportunities and encouraging sustainable rural development; believes that ITI and CLLD have the potential to respond directly to local needs and challenges in a more focused and appropriate way, insists on the need for better inclusion of urban areas in this mechanism and calls on the Commission to actively pursue this strategy; notes that ITI is an effective delivery mechanism for the implementation of Integrated Plans for Urban Regeneration and Development; urges the Commission to implement regulations covering CLLD and ITI funding from the ESIF as a whole in order to strengthen synergies;
21. Points out to the Commission that, in order for tangible progress to be made towards achieving the objectives of Europe 2020, more attention needs to be paid, in the review of that strategy and of the MFF, to regional and local contexts, and to the specific circumstances of the areas concerned;

Community-led local development (CLLD)

22. Welcomes the creation of the new CLLD instrument, which has gone beyond the LEADER initiative to empower local communities and provide specific local solutions, not only via EAFRD, but also via the other ESI Funds;
23. Points out that CLLD offers possibilities for urban and peri-urban areas and should be an integral part of wider urban development strategies, including through cross-border cooperation; recalls that, in order to ensure that territorial development strategies are as effective as possible, the development of urban areas must be sustainable and consistent with that of the surrounding, peri-urban and rural areas;
24. 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; recalls the importance of an integrated approach and the need to involve as many local civil-society stakeholders as possible;
25. Welcomes the establishment of the Horizontal Working Group on Partnership, set up thanks to DG REGIO;
26. Calls for consistent adherence to the Code of Conduct on Partnership, in particular with regard to the application of the principle of partnership in the implementation of ITI and CLLD;
27. Encourages capacity-building, awareness-raising among social and economic partners, as well as civil society stakeholders, and the active participation of those parties, so that as many partners as possible can propose CLLD strategies before the deadline for proposals (31 December 2017);
28. Is concerned that in some Member States CLLD is sometimes a ‘box-ticking’ exercise rather than a genuine bottom-up approach; insists, in this connection, that local actors should have real decision-making powers;

29. Calls on the Commission, together with the Member States, to encourage the sharing of best practices concerning LAGs, based on a strategy of information at European level regarding their successful projects, while using existing instruments and platforms such as TAIEX REGIO PEER 2 PEER, URBACT, and the Urban Development Network;
30. Calls on the Commission and the Member States to embrace the CLLD initiatives and to provide more flexibility in the operational programmes and in the context of regional, national and EU policy frameworks, so that they are able to take better account of the priorities of CLLD strategies; recognises the success of LAGs in project management and calls for more comprehensive funding and consideration to be given to extending their scope; regrets the fact that in some Member States the CLLD is restricted by national authorities to only one specific policy objective; urges the Commission to provide guidance to Member States on financing CLLD through the multi-fund approach, as well as encouraging the use of financing instruments;
31. Recalls that the ESF Regulation allows for a specific investment priority on ‘community-led local development strategies’ under Thematic Objective 9, and encourages the Member States to include this in their operational programmes; points out that the fund may provide vital support for territorial employment pacts, urban development strategies and institutional capacity building at local and regional level, and asks the Commission to provide additional assistance to the Member States in implementing these specific investment priorities and to provide in its Annual Activity Reports information on the scope of such implementation; calls on the Commission to use the mid-term review of the multiannual financial framework (MFF) to address the difficulties that have already been identified in the application of the instruments and to find sustainable solutions;
32. Believes that tools such as participatory budgeting should be included in the CLLD strategy, as it is a democratic exercise contributing significantly to increasing the involvement of social and economic partners in order to strengthen social cohesion at local level and increase the efficiency of public spending;
33. Highlights the fundamental importance of a non-discriminatory and transparent approach and of minimising potential conflicts of interest in interactions between individuals in the public and private sectors, to ensure the balance between effectiveness, simplification and transparency; welcomes, furthermore, the participation of a wide range of partners in LAGs; considers appropriate the provision whereby neither public authorities nor any single interest group cannot hold more than 49 % of voting rights in LAGs, as provided for in the current legislative framework, which makes it possible to contribute to moving away from an administrative approach towards a result-oriented and innovative one; asks the Commission to closely monitor and assess the implementation of this provision, including the circumstances in which exceptions may be allowed, and to provide targeted capacity- building and technical assistance;

Integrated Territorial Investment (ITI)

34. 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;

35. Stresses that ITI should not be restricted to urban areas only, but may concern geographical areas such as urban neighbourhoods, metropolitan areas, urban-rural, sub-regional or cross-border; emphasises that ITI is best placed to take account of specific territorial needs by more flexibly determining its territorial scope, thus following a genuine place-based approach; considers that ITI also provides for an appropriate structure to tackle territories with poor access to services, and isolated and disadvantaged communities; asks the Commission and the Member States to optimise human and technical resources and to make greater use of ITIs in the field of cross-border cooperation;
36. Stresses that the early involvement and greater delegation of responsibilities to regional and local authorities and stakeholders, including civil society, in the territorial development strategy, leading from the bottom up, is key to the future ownership, participation and success of the integrated territorial strategy that will be implemented at the local and intersectorial levels; insists that the exploitation capacity of their own potential for development be increased, in accordance with local characteristics;
37. Encourages the Member States to opt for a 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; underlines that targeted capacity-building is necessary to facilitate the pooling of funds from different sources;
38. Emphasises that the late decision at national level to use the ITI instrument has been highlighted as a major obstacle to properly framing the territorial strategy, creating the coordination structure, determining the budget and preparing the national legal base for ITI;
39. Welcomes the efforts of the Commission, together with the Expert Group on Territorial Cohesion and Urban Matters (TCUM), in preparing ITI scenarios; endorses the view that such guidance should emerge earlier in the programming process; considers it necessary to update the guidance with real examples and lessons learned from ITIs once they are implemented;
40. Asks the Commission to take into account the results of the Committee of the Regions' survey 2015, making more efficient use of IT tools and creating less paperwork, introducing more flexible rules for countries/regions with very low allocations, improving the co-financing mechanisms in the Member States and providing more training to those responsible for the management and absorption of funds, including elected politicians;

Future recommendations

41. Is of the opinion that CLLD and ITI should play an even more important role in the future cohesion policy; calls on the Commission to prepare a report demonstrating the strengths, weaknesses, opportunities and threats (SWOT analysis) of implementing these two instruments, before the new legislative proposal, on possible post-2020 scenarios related to these tools;

42. Asks for the abovementioned report to analyse the impact and effectiveness of CLLD and ITI and whether a compulsory approach in the post-2020 cohesion policy legislation concerning these instruments would be desirable, providing for earmarking of these instruments in operational programmes; proposes that the design of concrete incentives to stimulate Member States to implement CLLD and ITI be assessed, together with the potential means to ensure greater coherence between operational programmes and CLLD and ITI; stresses that this analysis should be based on a relevant set of indicators, reflecting both qualitative and quantitative elements;
 43. Demands that the bottom-up approach in the context of ITI be formalised in the next generation of cohesion policy during the programming as well as the implementation phase;
 44. Encourages the Commission and the Member States, through coordination with the competent local authorities, to monitor the use of ITI funds, these being quantitatively more important than before because of their amalgamation; stresses that this is important for reducing the possibility of corruption in Member States;
 45. Reiterates the need for a twofold approach, in particular in providing guidance, first, for Member States which have only national operational programmes and, second, for those that also have regional operational programmes;
 46. Insists on improved coordination between the Commission, the Member States and the regions with regard to guidance for these tools; recommends that guidance be developed simultaneously with the proposal on the new cohesion policy legislation for the programming period after 2020, with subsequent updates; stresses that this would enable the timely delivery of guidance documents, increase the legal certainty for all parties and also provide clarifications on how the proposed provisions would be implemented in practice;
-
- ◦
47. Instructs its President to forward this resolution to the Council, the Commission and the regional and 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

Integrated territorial investment (ITI) and Community-led Local Development (CLLD)”

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.

27.1.2016

OPINION OF THE COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS

for the Committee on Regional Development

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

Rapporteur: Michaela Šojdrová

SUGGESTIONS

The Committee on Employment and Social Affairs calls on the Committee on Regional Development, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

- A. whereas, according to Eurostat, in 2014 there were 61 European regions in 8 EU countries with unemployment rates between 14 % and 34.8 % and 63 regions in seven EU countries with unemployment rates between 2.5 % and 4.9 %.; whereas, furthermore, there are 7 countries with more than 30 % of unemployment;
1. Highlights the potential of cohesion policy for improving employment opportunities, promoting sustainable and inclusive growth and contributing to poverty reduction and social inclusion; points out, in this connection, the importance of integrated funding, and especially the combination of the ESF and ERDF;
2. Stresses the importance of incentivising sectors such as the green economy and the social economy, which can bring added value in terms of sustainable and inclusive employability;
3. Underlines the fact that CLLD and ITI initiatives will be successful only if they manage to properly address the social and employment-related challenges facing the regions and communities concerned;
4. Stresses the potential of the bottom-up approach of CLLD in supporting local development strategies, creating job opportunities and encouraging sustainable rural development; believes that ITI and CLLD have the potential to respond directly to local needs and challenges in a more focused and appropriate way, insists on the need for better inclusion of urban areas in this mechanism and calls on the Commission to actively pursue this strategy; notes that ITI is an effective delivery mechanism for the implementation of

Integrated Plans for Urban Regeneration and Development; urges the Commission to implement regulations covering CLLD and ITI funding from the ESIF as a whole in order to strengthen synergies;

5. Is concerned that in some Member States CLLD is sometimes a 'box ticking' exercise rather than a genuine bottom-up approach; insists, in this connection, that local actors should have real decision-making powers;
6. Calls on the Commission to provide technical assistance to Member States and local authorities and create channels of communication with Member States and local agents in order to ensure real and meaningful participation by local actors in the process and in cooperation at all levels; points out that CLLD and ITI will only achieve success with the commitment and ownership of all the stakeholders involved, including civil society, and considers that the involvement of partners can also strengthen the integrated and place-based approach, in particular where take-up of CLLD and ITI is low; calls on the Commission to charge an existing body within its structure with coordination of CLLD and ITI, with a view to ensuring better communication and implementation;
7. Considers that the Commission should encourage Member States to use these instruments on projects to create quality employment and social investment, especially in those regions and sub-regions where it is most needed; calls on the Commission, therefore, to develop a special investment plan, in line with the Social Investment Package, so that the regions and subregions with the highest unemployment levels can make the best use of them;
8. Recognises that both CLLD and ITI are particularly necessary in less developed regions, encourages the Commission and the Member States to provide support and capacity-building assistance to regional and local authorities in the design and implementation of such initiatives, and calls on them to pay particular attention to regions which suffer from severe and permanent natural or demographic handicaps, improving their territorial cohesion in order to foster the development of the local economy, which will ultimately make it possible for the population to remain in those regions;
9. Regrets the absence of a more recognisable branding for CLLD and ITI and the possible lack of experience regarding these instruments among local stakeholders; encourages the Commission and the Member States to make both tools as visible and understandable as possible for their users, while avoiding any additional unnecessary bureaucratic burden and making further efforts to simplify rules and procedures; stresses that more effective performance and greater added value as well as increased synergies could be achieved when using not only the ERDF in CLLD and ITI instruments but also other funds, as stipulated in the respective regulations; considers that steps should be taken, in this connection, to transmit accurate information regarding specific funds and to strengthen information contact points in order to provide adequate technical support to those who wish to use the funds; stresses, in addition, the importance of carefully and constantly monitoring these resources;
10. Calls on the Commission to organise appropriately publicised information seminars, in order to ensure that as many people as possible know about these opportunities; hopes, moreover, to see the establishment of appropriate information tools such as regularly updated mailing lists and smartphone applications;

11. Recalls that the ESF Regulation allows for a specific investment priority on ‘community-led local development strategies’ under Thematic Objective 9, and encourages the Member States to include this in their operational programmes; points out that the fund may provide vital support for territorial employment pacts, urban development strategies and institutional capacity building at local and regional level, and asks the Commission to provide additional assistance to the Member States in implementing these specific investment priorities and to provide in its Annual Activity Reports information on the scope of such implementation; calls on the Commission to use the mid-term review of the multiannual financial framework (MFF) to address the difficulties that have already been identified in the application of the instruments and to find sustainable solutions;
12. Points out to the Commission that, in order for tangible progress to be made towards achieving the objectives of Europe 2020, more attention needs to be paid, in the review of that strategy and of the MFF, to regional and local contexts, and to the specific circumstances of the areas concerned.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	25.1.2016
Result of final vote	+: 37 -: 3 0: 0
Members present for the final vote	Laura Agea, Guillaume Balas, David Casa, Ole Christensen, Jane Collins, Lampros Fountoulis, Arne Gericke, Thomas Händel, Marian Harkin, Czesław Hoc, Rina Ronja Kari, Agnieszka Kozłowska-Rajewicz, Jean Lambert, Jérôme Lavrilleux, Jeroen Lenaers, Dominique Martin, Anthea McIntyre, Joëlle Mélin, Elisabeth Morin-Chartier, Emilian Pavel, Georgi Pirinski, Terry Reintke, Sofia Ribeiro, Claude Rolin, Sven Schulze, Jutta Steinruck, Romana Tomc, Renate Weber, Tatjana Ždanoka, Jana Žitňanská
Substitutes present for the final vote	Maria Arena, Amjad Bashir, Lynn Boylan, Miapetra Kumpula-Natri, Paloma López Bermejo, Edouard Martin, Evelyn Regner, Michaela Šojdrová
Substitutes under Rule 200(2) present for the final vote	Eleonora Evi, Anneli Jäätteenmäki

RESULT OF FINAL VOTE IN COMMITTEE RESPONSIBLE

Date adopted	16.2.2016
Result of final vote	+: 37 -: 2 0: 1
Members present for the final vote	Pascal Arimont, Franc Bogovič, Victor Boștinaru, Mercedes Bresso, Steeve Briois, Andrea Cozzolino, Rosa D'Amato, Tamás Deutsch, Bill Etheridge, Iratxe García Pérez, Anna Hedh, Krzysztof Hetman, Ivan Jakovčić, Constanze Krehl, Sławomir Kłosowski, Andrew Lewer, Iskra Mihaylova, Andrey Novakov, Younous Omarjee, Konstantinos Papadakis, Mirosław Piotrowski, Stanislav Polčák, Liliana Rodrigues, Fernando Ruas, Monika Smolková, Maria Spyrali, Ruža Tomašić, Ramón Luis Valcárcel Siso, Matthijs van Miltenburg, Lambert van Nistelrooij, Derek Vaughan, Joachim Zeller
Substitutes present for the final vote	Daniel Buda, Viorica Dăncilă, Bronis Ropė, Peter Simon, Davor Škrlec, Hannu Takkula, Damiano Zoffoli, Marco Zullo