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**HOW TO BOOST AN INTEGRATED TERRITORIAL
DEVELOPMENT IN FUTURE PROGRAMMES:
PROPOSALS FOR THE FINALISATION OF THE PROPOSED EC
REGULATIONS**

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Territorial Thinkers is an independent platform of experts, highly experienced in European, national, regional and local policy development with a territorial dimension.

Territorial Thinkers aim to support on-going policy development processes by presenting arguments, evidence, ideas, options and recommendations to policy makers.

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HOW TO BOOST AN INTEGRATED TERRITORIAL DEVELOPMENT IN FUTURE PROGRAMMES

The proposed EC regulations, the Common Provisions Regulation (CRP), and the two regulations governing ERDF and European Territorial Cooperation (ETC) after 2020 present overall positive ambitions on a more strategic, integrated and territorial approach in future programmes.

These ambitions need to be actively supported and expanded. Therefore, this paper advocates the strengthening of the strategic, territorial dimension in the proposed regulative framework by providing concrete proposals and recommendations for the current debate on how to release additional development potential, more efficient investment spending and more European integration from territorial strategies, coordination and cooperation in ESIF programmes after 2020.

The proposals and recommendations concentrate mainly on content issues related to the programme strategies of national and regional programmes, their requirements in support of efficient and consistent implementation, and on the use of territorial cooperation in achieving their objectives. This is where the main need is for improvements of the proposed regulations.

The paper consists of two sections:

- Concrete proposals and recommendations.
- Reasoning and arguments behind these proposals and recommendations.

PROPOSALS AND RECOMMENDATIONS

What concrete amendments to the EC Regulations could further promote an integrated territorial approach?

(I) The Common Provisions Regulation (CPR) and/or the ERDF regulation should ensure that **all programmes support an integrated territorial development**. In the proposed regulations the implementation of an integrated territorial development is rather vague. It should be made mandatory to consider selected objectives in the context of an integrated territorial development of the programme area. Only to foresee actions on ITI and another territorial tools on a (partly) basis is not enough to guarantee an integrated territorial development as the proposed regulations suggest.

(II) The CPR should strengthen the territorial dimension in all programme strategies by including the following additional requirements:

- **All programme strategies should apply the requirements currently set out for territorial development** in addition to the proposed requirements. This would support the desired integrated territorial development and the coordination and consistency of investments and actions in the programme's implementation.
- **Long-term objectives for the territorial development** envisaged for the respective programme area should be a mandatory element of all ESIF programmes and their strategies. This would support synergies between investments and a more efficient spending of funds.
- **Internal and external interdependencies between places and possible territorial impacts** of the programme objectives should be assessed and considered when developing the programme strategy. The requirements for analyses of needs and potentials should be widened by including an analytical component capturing the territorial diversity and interdependencies of different places in the programme area.
- **Potentials and challenges from the fast-evolving global context** should be addressed in every programme strategy. New opportunities and potential competitive threats from the international development do not impact all parts of a programme area in the same way. This territorial dimension should be understood, considered and exploited in the investment priority setting in all programme strategies.
- **Where within the programme area to invest in what** should be prototed as the basic mindset and an integral part of the programme strategies. This would articulate the territorial objectives for the programme area and provide consistent recommendations on where in the programme area, what actions and investments would help the most to achieve the programme objectives. Here, the 7 questions on page 6-7 could be used as guidance when considering and selecting policy and specific objectives in the programmes.

(II) The CPR, the ERDF and the ETC regulation respectively should further strengthen Territorial Cooperation by taking on board the following elements:

- Support to **sub-national or sub-regional territorial cooperation projects, in particularly on functional areas, should be made mandatory for every ESIF programme.**
- **Territorial cooperation among different/neighbouring local actors/authorities, should be explicitly promoted by programmes when implementing the Sustainable Urban Initiative.** This would

support exploring potentials of functional urban areas and promoting further urban-rural linkages.

(III) The selection criteria for operations should be amended accordingly to cover the above-mentioned additional requirements.

What should the policy dialogue process decide?

The above-mentioned proposals and recommendations for improvements should be implemented in the proposed EC Regulations before they are made final. The most adequate and concrete legal ways should be decided by the European Commission, the body behind the proposed regulations.

It is the hope that these proposals and recommendations for boosting an integrated territorial development in EC (co-)funded programmes after 2020 will catch interest and consensus in the on-going European-wide policy debate and find their way into the final versions of the EC Regulations.

This would benefit the further development towards the policy objectives of a smarter, greener, more connected, more social Europe closer to its citizens living in the urban, rural, coastal, outermost and other types of territories of the Union.

REASONING AND ARGUMENTS

The territorial dimension in the EC proposed regulations

(1) The EC Proposals of 29 May 2018 on rules and regulations for Structural Funds beyond 2020 promote a more strategic programming, mainstream territorial cooperation and include a commitment to a stronger urban and territorial focus than before. This is to be considered very positive and a step in the right direction for Europe.

(2) The proposed Common Provisions regulation (CPR) sets out specific rules for territorial development (Art. 22-28). The Commission promotes integrated territorial development, use of territorial strategies, integrated territorial investments, and community-led local development based on strategies and funding. Member States shall support integrated territorial development through territorial and local development strategies which can take the form of (a) integrated territorial investments (ITI), (b) community-led local development (CLLD) as well as (c) other territorial tools that can support initiatives towards a Europe closer to citizens by fostering the sustainable and integrated development of urban, rural and coastal areas and local initiatives, designed by member states. However, the CRP regulation does not include provisions ensuring that a stronger territorial focus and integrated territorial development is mandatory. This would be a major improvement of the regulation in line with the declared intentions to make this clear.

(3) The proposed ERDF regulation includes specific provisions on the treatment of particular territorial features (Art. 8-11), which (a) reiterates the need for integrated territorial development, (b) endorses sustainable urban development, (c) establish a Commission driven European Urban Initiative, and (d) promotes development of the Outermost regions. Again, the ETC regulation on specific provisions for European Territorial Cooperation (Art. 20-21) focuses on territorial development and support to integrated territorial development and community-led local development which underlines the need for ensuring a mandatory status. But, the proposed ERDF regulation (Art. 8(1)) does not make the implementation of ITI and CLLD obligatory. This should clearly be the case as according to the proposed ERDF regulation (Art. 9(2)), at least 6% of the ERDF resources at national level under the Investment for jobs and growth goal shall be allocated to sustainable urban development in the form of community-led local development, integrated territorial investments or another territorial tool.

(4) The proposed ETC regulation on European Territorial Cooperation concentrates efforts on 5 components (Art. 3) which are (a) cross-border cooperation, (b) transnational and maritime cooperation, (c) outermost regions' cooperation, (d) interregional cooperation, and (e) interregional innovation investments, the latter a new component in territorial cooperation focusing on smart specialisation strategies (cf. Art. 61). Moreover, particular focus on maritime and outermost regions are 2 new components. All these components entail a substantial potential to play an important role in meeting the policy objectives for 2021-27, not least in bringing the Union closer to its citizens.

(5) Budget wise, however, the proposed regulations concentrate almost all of the ERDF funds to national and regional programme activities (95%), including sustainable urban development, leaving 8.4 billion Euro to territorial cooperation programmes, and 1.4 billion Euro to outermost regions and sparsely populated areas.

(6) Ensuring an efficient and mandatory integrated, strategic and territorial approach to the spending of the 95% of funds allocated to national and regional actors is of crucial importance. This would boost the contribution of ERDF funded activities to the selected main European policy objectives for regional development investment, a smarter, greener, carbon free, more connected and more social Europe closer to citizens delivering sustainable and integrated development of urban, rural and coastal areas through local initiatives.

(7) An obligation to strategically consider the entire programme area in an integrated way and address the territorial diversity which exists in all programming areas, would support national and regional actors in their tailoring of investment and actions, finding synergies with other investments, and in optimising investments to the actual places and territories within the programme area where needs and potentials are giving the highest return.

How could programme strategies become more territorial?

(8) The proposed EC regulations put quite an emphasis on a strategic approach and the need for development strategies steering the programme implementation. However, there are substantial differences between the national and regional programming, the sustainable urban development and European territorial cooperation.

(9) The CPR deals with the content of national and regional programmes, making a strategy mandatory (Art. 17 (1)). For national and regional ERDF programmes, the obligatory requirements for strategies are included in the CPR regulation Art. 17(3) that sets out a number of elements that each programme shall include. An implicit support of an integrated territorial development is to some extent present in (a) a summary of the main challenges including (i) economic, social and territorial disparities, ..., and in (d) (iv) specific territories targeted, including the planned use of ITI, CLLD and other territorial tools and in (v) interregional and transnational actions with beneficiaries located in at least one other Member State. However, the requirements related to an integrated territorial development are not elaborated and there is a major opportunity for improvement of Art. 17.

(10) The proposed CPR Art. 23(1) sets out the requirements for strategies related to ITI and another territorial tools. These strategies shall contain (a) definition of the geographical area, (b) analysis of development needs and potentials, (c) description of integrated approach towards needs and potentials, and (d) description of the partners responsible including relevant urban, local or other territorial authorities or bodies. The strategy may contain a list of operations, and selected operations. Altogether the basic approach seems very sound, however four additional elements should be added for completion: (a) description of long-term objectives, (b) assessment of territorial impact of potential operations, (c) an analytical outlook on challenges for the programme area of an increasingly interconnected world, and (d) obligation to enhance territorial coordination and cooperation, both internal and external.

(11) The attention to the territorial context in the CPR regulation is very positive, however the requirements for strategies in Art. 17 should be improved and include the requirements of Art. 23 for the programming 2021-27 to better support integrated territorial development. Moreover, it should be made obligatory to support integrated territorial development within national and regional programmes.

(12) It would for sure benefit programme implementation, and thereby the spending of ERDF funds, to make requirements set-out in the CPR for territorial strategies explicitly mandatory in the rules for all ERDF programming and implementation of investments. This would support the integrated and better coordinated approach desired by the Commission to the benefit of the

coordination and consistency of the multitude of investments envisaged under the defined policy objectives.

(13) To become more integrated and territorial, the mind-set to use in optimising programme strategies and ensure their successful implementation would be to provide answers to the following key questions:

- What overall, integrated territorial development is the long-term objectives for the programme area as such?
- Where within the programme geography should what activity, project and investment take place in support of the overall, integrated strategy?
- What new development options and challenges does a wider outlook bring and where within the programme area?
- What territorial impacts would be the consequence of potential project investments?
- Where within the programme area could closer coordination activities or projects among local actors and authorities at different levels bring additional benefits and value from investments?
- Where within the programme area could territorial cooperation activities or projects on wider functional relations, also with other ERDF programmes, bring synergies and added value from investments?
- Is there outside the programme area potentials where close coordination and cooperation could provide benefit for all partners involved?

How can territorial cooperation also benefit national and regional programmes?

(14) The proposed ERDF regulation opens for territorial cooperation in national and regional programmes, both within and outside a given Member State. This is a positive element, and a logical supplement to the programmes under the ETC regulation for European Territorial Cooperation.

(15) Today's development challenges can no longer be mastered by actors in charge of individual territories, be it local areas, municipalities, regions or countries. The interdependencies and interactions imply that for almost every development issue, territorial impacts extend beyond local areas and administrative borders and decisions at different levels need to play together. Ignoring territorial interdependencies equals risk of losing development opportunities, potentially conflicting interventions and thereby sub-optimisation of investment. Territorial cooperation is therefore also relevant for national and regional programmes, and both within the programme areas and beyond.

(16) Territorial cooperation addresses different functional relationships, comparative strengths and challenges, and builds alliances making the most out

of joint development opportunities. At the scale of national and regional programmes, sub-national and sub-regional territorial cooperation most likely will take the form of functional areas of neighbouring cities and towns or of urban-rural partnerships, eventually going beyond the geography of the programme. The aim is to harvest the diversity of inherent complementary potentials and through joint investment and action bring additional development that would not come by staying apart. This territorial tool is very relevant and useful, also at the scale of national and regional ERDF programmes, and should become obligatory to promote and support in the programming period 2021-27.