

Blog: Strategies for integrated development - how are Structural Funds adding value in 2014-20?

The 2013 reforms to EU Cohesion policy gave Member States new opportunities to use ESIF for urban and other territorial strategies. The aim is to encourage a more integrated and 'place-based' approach to regional, urban and local development that is more responsive to the needs of particular areas. Regulatory obligations were introduced requiring a greater focus on sustainable urban development (SUD), and new tools were made available in the form of Integrated Territorial Investments (ITIs) and Community-Led Local Development (CLLD). **A new study¹ examines how Member States are responding to these new provisions and whether Cohesion policy is 'adding value' to regional, urban and local development.**

The rationale for the new territorial tools is based on the Treaty objectives of territorial (but also economic and social) cohesion. They are grounded in research over the past decade, from the 2009 Barca Report to more recent OECD and EU studies, which advocate the greater use of place-specific 'packages' of interventions tailored to the needs of individual areas and their citizens, and designed in line with stakeholders' views while meeting overall EU objectives.

In response to the new regulatory requirements, **there has been significant uptake of territorial strategies in 2014-2020**, mainly in the form of sustainable urban development, across most Member States. An estimated €14.5 billion is being allocated to sustainable urban development in 2014-20. Many Member States are exceeding the minimum threshold of five percent of their funding allocations that should be reserved for sustainable urban development. Some allocations to SUD are in the range 10-20 percent in Belgium, Bulgaria, Cyprus and Romania. The study identified over one thousand territorial strategies, some 880 for sustainable urban development and a further 154 for other types of area.

Although every country has at least one sustainable urban development strategy, **they are used most extensively in France, Portugal and Spain** which collectively account for almost half of all EU strategies (see figure below). However, in terms of ESIF funding allocation, the strategies in Poland, Italy, Romania and Czech Republic account for nearly half of the total funding allocated to sustainable urban development across the EU28

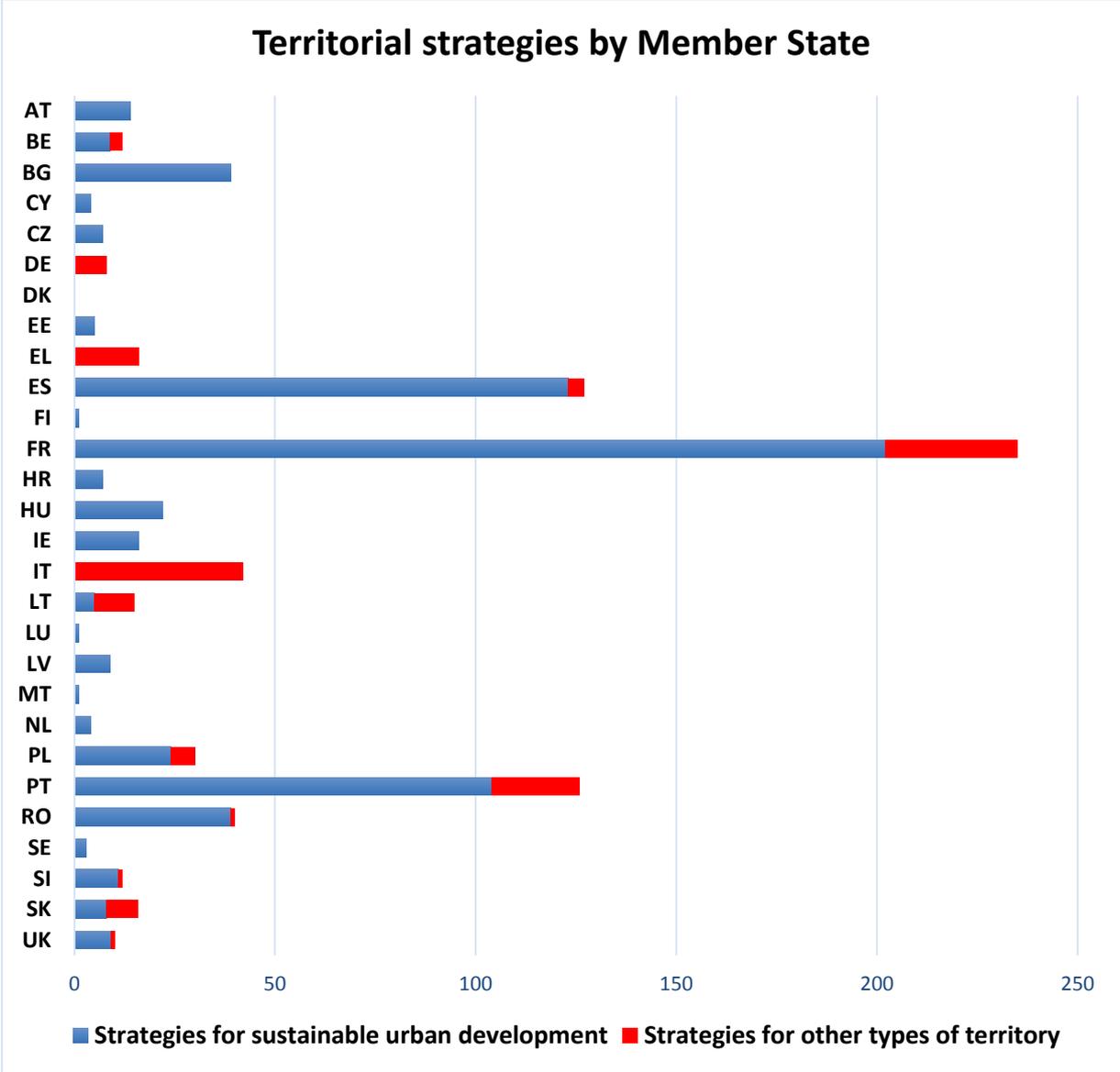
The **territorial strategies are being implemented in all types of regions** (More Developed Regions, Transition Regions, Less Developed Regions) and in many kinds of territory - regional, local, urban and rural. They are being applied at different scales - from city neighbourhoods and small towns with fewer than 10,000 inhabitants, to major metropolitan regions with more than five million people.

However, while the use of ITIs is common - accounting for 28 percent of SUD strategies and half of the allocations to sustainable urban development - the option of using **Community-Led Local Development (CLLD) as part of an integrated sustainable urban strategy is much less popular**. Only five percent of SUD strategies use CLLD, and they tend to be only loosely integrated. CLLD is either not considered to be needed, or the administrative requirements are regarded as too complex for the capacity available at local level.

Many of the strategies are new. The territorial provisions have encouraged innovation and adaptation in both thinking and practice. Over six percent of strategies for

¹ van der Zwet A, Bachtler J, Ferry M, McMaster I and Miller S (2017) [Strategies for integrated development: how are ESIF adding value in 2014-20? Final Report to the European Commission \(DG Regio\)](#), European Policies Research Centre, University of Strathclyde, Glasgow.

sustainable urban development, and nearly 75 percent of other territorial strategies, are being introduced for the first time or involve substantial modification of existing initiatives. This applies particularly in Less-Developed Regions which often have limited experience in implementing integrated place-based approaches. The territorial provisions (combined with sizeable ESIF funding) have provided incentives to introduce new and more comprehensive strategies for particular areas. In Member States where EU funding is lower, and which have an established tradition of territorial strategies, the added value is less though still present in the integration of different ESI Funds.



The downside of the innovation is the time taken for new strategies to be developed, negotiated and approved by the European Commission. **It has taken 2-3 years from the start of the 2014-20 programmes for many strategies to become operational.** Although in other cases the development of strategies is relatively straightforward, particularly when they are based on pre-existing approaches.

A defining feature of ESIF-funded territorial strategies is an integrated approach to intervention, facilitating a more coherent response to regional, urban and local development problems. The **strategies often combine a range of investment priorities**, as well as different funds (particularly in the case of Integrated Territorial Investment strategies). Much of the funding is from ERDF and ESF, but some strategies also involve EAFRD, CF and EMFF.

While the strategies contribute to all 11 Thematic Objectives, **there is a particular focus on supporting the shift towards a low-carbon economy (TO4), preserving and protecting the environment and promoting resource efficiency (TO6) and promoting social inclusion, combating poverty and any discrimination (TO9).** The results also show that Integrated Territorial Investment strategies - both in urban and other territories - include a large number of investment priorities, indicating the effort being made to apply integrated solutions. However, achieving thematic concentration in integrated place-based strategies has not always been straightforward. This is evident, for example, among strategies in the Czech Republic, Greece and Romania, where a narrow thematic focus sometimes does not reflect local needs.

A further important characteristic of territorial strategies is their design and application at different spatial scales and with new geographies of intervention. **A third of urban strategies cover a functional urban area or metropolitan region.** They are frequently associated with new governance structures - facilitated by the Integrated Territorial Investment tool - to support joint policymaking and implementation across administrative boundaries. Many strategies focus on rural-urban linkages to strengthen the integration between urban centres and their hinterland. There is also a strong local focus; just under a third of strategies target neighbourhoods within cities (either directly or as part of city-wide strategies), often focusing on deep-seated problems of social exclusion. Of particular note is the innovative use of territorial strategies to support cooperation between cities (including across borders) and networks of urban centres, the Six Cities strategy in Finland being the most prominent example. Other territorial strategies target areas with specific geographic features such as coasts, mountains, river basins and natural parks.

Related to the integrated approach, **the territorial provisions are promoting more collaborative models of governance.** Strategies are being implemented through governance arrangements that bring together different levels of government and both governmental and non-governmental actors. Increased institutional collaboration is evident across a range of programme implementation functions but is particularly strong (and common) for tasks related to project selection and assessment. Collaboration is being driven partly by the need for efficient management, for example where several local authorities are partners in a strategy. It is also motivated by the requirement to share knowledge and expertise and to build administrative capacity, especially at local level.

One aspect of governance proving difficult is the involvement of citizens. The development of strategies usually involves consultation with stakeholder groups and, less commonly, with citizens. However, the extent of citizen engagement has frequently been limited, with a need for more participatory methods to improve the utility and accountability of strategies to the public, an issue of particular importance for the more locally focused strategies.

Lastly, **more attention needs to be given to evaluating the outcomes of the territorial strategies.** At this early stage there is no evidence on the impact of the new territorial provisions, and there are very different approaches to monitoring and evaluation the strategies across Member States (for example, few strategies have evaluation plans). There are, of course, formidable difficulties to evaluating outcomes for strategies which combine different funding streams, have multiple objectives and priorities, and vary in the scale of funding. However, more work needs to be done at Commission, Member State and programme levels to improve the quality of monitoring data, and application of evaluation methods.

Arno van der Zwet and John Bachtler
European Policies Research Centre

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