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INSTRUMENT FICHE

NON-SUD ITI

IN A NUTSHELL

Non-Sustainable Urban Development Integrated Territorial Investment (non-SUD ITI) strategies are not covered by Article 7 provisions and thus are not necessarily focused on urban areas. This Territorial Delivery Mechanism is very versatile in its application in different territorial contexts and addresses various place-specific challenges and thematic objectives. Non-SUD ITIs use an integrated approach, addressing multiple challenges simultaneously by combining various types of operations and funds, while focusing on specific geographical areas where resources can be concentrated to achieve more tangible impacts.

GOVERNANCE CHARACTERISTICS

This type of Territorial Delivery Mechanism is not covered by Article 7 provisions, which call for a focus on addressing specific sustainable urban development challenges and require a delegation of implementation responsibilities. This means that the Managing Authorities played more prominent roles in the implementation of non-SUD ITIs, even if a range of local stakeholders was usually included in the formulation of the strategy and sometimes also in the selection of projects to receive support. In many cases, new coordination bodies were established at the functional area level to facilitate the engagement of local stakeholders in strategy-making and/or implementation and vertical coordination across levels. In contexts where institutions for decision-making and policy implementation already existed at the metropolitan or inter-municipal level, the formulation and implementation of the ITI strategies were delegated to those bodies.

FUNDING PATTERNS

The share of national European Regional Development Fund (ERDF) and Cohesion Fund (CF) funding dedicated to non-SUD ITIs varied greatly across the EU Member States, from 0.2% of the national allocation in Germany to 10.8% in Slovakia and the United Kingdom. The funding allocated to non-SUD ITIs tends to be larger than for some other Territorial Delivery Mechanisms, ranging from circa €925,000 (ITI Beach plan Föhr in Schleswig-Holstein, Germany) to €1.32 billion (ITI Azul, Spain). A substantial share of non-SUD ITIs was financed through only one fund (ERDF), however, most of them combined several European Structural and Investment Funds (ESIF), allowing for integration of funding to support investment in specific functional areas.

Figure 1: Amount of non-SUD ITI strategies combining different numbers of ESIF

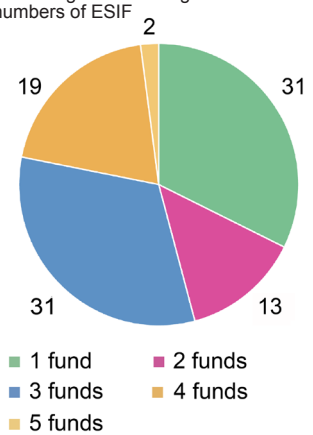
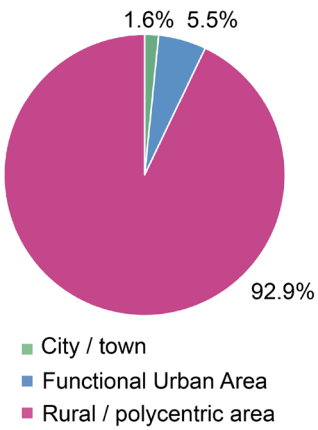
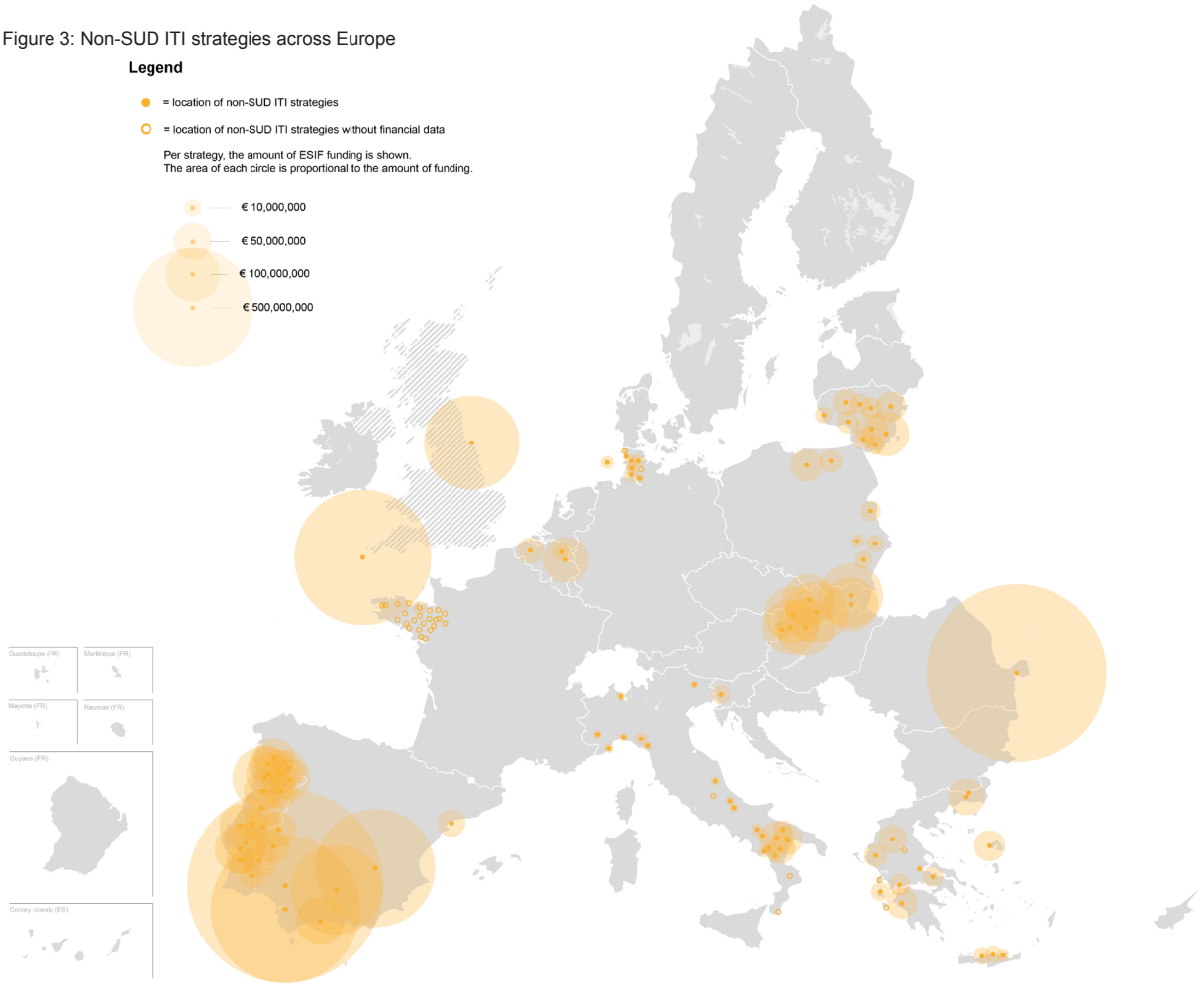


Figure 2: Share of non-SUD ITIs per type of territory



Sources: European Commssion (n.d.), Pertoldi et al., 2022 Note: Non-SUD ITI strategies could be financed from different ESIF, including ERDF, European Social Fund (ESF), CF, European Agricultural Fund for Rural Development (EAFRD), and European Maritime and Fisheries Fund (EMFF).

Figure 3: Non-SUD ITI strategies across Europe



Source: STRAT-Board (JRC, n.d.).

THEMATIC FOCUS

Non-SUD ITIs, given the purpose of the instrument to support the implementation of place-tailored development strategies, have a very diverse thematic scope. The most prominent themes included investing in improving quality of life, access to public services and social infrastructures, development of support for SMEs, development of infrastructure (especially transport infrastructure), as well as cooperation across administrative boundaries in functional areas and engagement of local stakeholders.

TERRITORIAL FOCUS

Non-SUD ITIs were mainly used in Portugal, Lithuania, Greece Italy, Slovakia, and, to a lesser degree, also in Spain, Poland, Belgium, Germany, France, Romania and the United Kingdom (see Fig. 3). This type of Territorial Delivery Mechanism covers a wide array of territories, which tend to be defined by functional areas rather than administrative boundaries, thus cutting across municipal borders, and many of them focus on peripheral and rural or less urbanised territories. The extent of these territories varies greatly, from strategies that cover small rural territories (e.g. ITI in the region of Klaipeda in Lithuania covering 21 thousand people) to vast, territories covering millions of people (e.g. ITI Azul in Spain covering coastal areas with a population of 17.2 million). Most of the non-SUD ITI strategies covered rural areas (93%), but some focused on urban areas (e.g. ITI Porto, see box), especially in smaller and more peripheral regions (e.g. ITI Utena in Lithuania). The areas covered also tended to be poly-centric and often corresponded to a particular feature or shared function, e.g. a delta (e.g. ITI Danube Delta in Romania), a coastal feature (e.g. ITI Mar Menor in Spain) or shared cultural heritage networks (e.g. ITI Epirus in Greece).

PERFORMANCE OF NON-SUD ITIs KEY LESSONS

Pathway 1: delivering a quality, coordinated response to territorial challenges, development

Diverse approaches to development of integrated territorial strategies: Non-SUD ITIs provided opportunities and stimuli to develop integrated territorial strategies for the areas covered. The diverse implementation contexts of the ITIs, however, led to significant variations in approaches to strategy formulation, influencing

the ownership, rationale, and objectives of the strategies in various ways. Research identified different approaches to the formulation of the non-SUD ITI strategies. Firstly, in some cases, mainly due to limited capacity or time, strategy elaboration was delegated to external entities or consultancies, leaving relatively little scope for input from territorial actors. Secondly, some non-SUD ITI strategies entailed active engagement of local stakeholders and municipal authorities in both strategy development and implementation, making the most of the opportunities that this Territorial Delivery Mechanism created. Thirdly, certain non-SUD ITIs sought to integrate several interconnected aspects and sectors, building on pre-existing institutional structures, particularly within metropolitan areas, and seeking to contribute to the implementation of previously defined strategic goals.

Between thematic concentration and a 'catch-all' approach: While most non-SUD ITIs closely aligned with both national and European policy frameworks and goals, ensuring strategic coherence from top to bottom while tailoring interventions to address specific territorial needs and boost the pre-existing territorial development initiatives. However, case studies showed a noticeable variation in thematic focus among strategies, with some concentrating on a smaller number of specific themes while others adopting a more comprehensive, if not a 'catch-all' approach attempting to cover a wide variety of interventions, albeit at the expense of thematic concentration.

Challenges in monitoring and evaluation: Monitoring and evaluation approaches varied across the non-SUD ITIs, with notable differences in the indicators used for assessment and monitoring. Several common challenges were identified, such as difficulties in data collection and limited capacity to effectively measure the impact of interventions in terms of their contribution to address the specific territorial needs.

Development of the ITI strategy for Porto Metropolitan Area

The Porto ITI is an example of a non-SUD strategy which was implemented in a functional area corresponding to the metropolitan region. The ITI strategy and its implementation were closely aligned to the needs of the territory covered partly thanks to delegation of the formulation and coordination roles to the pre-existing inter-municipal cooperation body, the Porto Metropolitan Area (AMP). The Metropolitan Council of Strategic Planning of the AMP was charged with the preparation of a pact for the ITI, signed by all municipalities involved, and ensured that the implementation of the ITI remained coherent with the Territorial Development Strategy of the AMP. In this process, the municipalities of the AMP compiled project descriptions for each intervention area informing decision-making at the metropolitan level and providing inputs for the development of key projects outlined in the Action Plan for the ITI. In addition, various metropolitan bodies, working groups and informal platforms were involved to ensure effective coordination in networks of municipalities and other local actors from different sectors, stimulating a lively inter-municipal debate and coordination of actions as part of the ITI. This example illustrated the benefits of building a non-SUD ITI on pre-existing coordination bodies for the functional area covered and of active involvement of the local stakeholders in both formulation and implementation of the strategy, even though, the demarcation of the strategy's territory through NUTS 3 boundaries limited the scope for addressing potential functional linkages with the neighbouring areas.

Pathway 2: strengthened targeting of resources according to functional and territorial rationales

Non-SUD ITIs did promote the territorial approach to implementation of Cohesion Policy: Generally, non-SUD ITIs gave some consideration to territorial specificities and addressed place-specific goals and needs. Many strategies were formulated around specific geographical features (e.g. ITI Danube Delta focusing on the specific demographic, environmental and economic challenges of that peripheral area delimited by the geographical area of the delta), challenges (e.g. mitigating the economic fallout after the closure of the Ford factory in the area, in the case of ITI Limburg, Belgium), or opportunities (e.g. valorisation of ancient theatres as tourist destinations in the case of ITI Epirus, Greece), showing potential for increased engagement.

The extent to which the territorial approach was followed in practice varied: Even though by definition non-SUD ITIs strived to address place-specific needs in the territories covered, in practice most strategies tended to be determined primarily by national or regional levels of government, often with only minimal input from local stakeholders. This weakened the pursuit of territorial and functional logic in the formulation of the strategies. A more top-down approach was often chosen reflecting a pragmatic emphasis on efficiency, concerns to ensure fairness in the even distribution of resources across the territory and among the potential beneficiaries, or a centrally defined designation of specific territories that were to be covered. All of these factors constrained bottom-up participation of territorial actors in the shaping of the strategies and limited their ability to address the needs of the areas covered following functional or territorial logics.

ITI strategy formulation based on geographical features of the area – the case of Mar Menor ITI

The Mar Menor ITI, implemented in the region of Murcia in Spain, illustrates the effectiveness of basing ITI strategies on a significant geographical feature. The strategy was formulated to address the specific needs of the area determined by a natural feature – the Mar Menor coastal salt-water lagoon. This approach helped to foster a shared understanding and closer collaboration among the municipalities involved, regional authorities and other stakeholders across various sectors and government levels as part of a shared strategic framework for development. Unlike in the cases of ITIs without such a strong territorial backbone, anchoring the strategy within the lagoon's unique context facilitated agreement on the territorial focus of the strategy and to avoid excessive fragmentation in decision-making. Municipalities viewed the ITI as an opportunity to address environmental, social, and economic challenges collectively, rather than competing for funding for small-scale projects. This approach allowed for the distribution of actions and responsibilities among stakeholders and jurisdictions. Furthermore, focusing on a well-known territory and issues already recognised by local stakeholders enabled extensive participation from economic, social, environmental, and scientific entities, leading to greater consensus on territorial needs.

Pathway 3: contribution to the quality and capacity of policy governance, particularly at local levels

Under some circumstances, at least, non-SUD ITIs supported decentralisation processes and governance innovations: Overall, the non-SUD ITIs played a significant role in promoting decentralisation processes within the territories covered by involving diverse territorial actors in both the formulation and execution of territorial strategies. This engagement took place in different ways though, leading to a differentiated degree of influence on governance patterns. In some instances, new regional organisations were established to assume strategic and coordination roles within the functional areas, either from scratch (e.g. the Inter-municipal development association for the ITI Danube Delta, Romania; Destination management organisation for the ITI Epirus, Greece) or within existing regional institutions (e.g. Mar Menor ITI, Spain). In other cases, existing regional or metropolitan institutions were tasked with new responsibilities related to ITIs and provided with additional resources to play this new role (e.g. AMP for the ITI Porto, Portugal); or local authorities (e.g. ITI Utena, Lithuania) or inter-municipal cooperation bodies (e.g. Pays de Saint-Malo for the ITI Saint-Malo, France) were empowered in the process of strategy formulation and implementation of operations. These processes of decentralisation, however, were to some degree limited by coordination challenges between levels of government, reluctance of the Managing Authorities to delegate powers to the local level, or lack of experience in decentralised strategy making for functional areas.

Supporting inter-municipal cooperation: The participation of municipalities, inter-municipal organisations, and other institutions operating within the covered territories was notable, especially in ITIs that spanned functional territories across multiple municipalities. This enabled capacity-building, knowledge exchange, new cooperation, and in some cases empowerment of the local authorities (e.g. ITI Utena). Notably, the delegation of powers to the functional area organisations enabled, in some cases, valuable input from stakeholders who had previously remained on the margins of policy initiatives, for instance, local housing associations, citizens' groups, and local economic actors. It was also noted that ITIs could stimulate collaboration between municipalities on new thematic areas and issues, considerably expanding the scope of inter-municipal action (e.g., in the case of ITI Porto). However, in some other cases, the involvement of local stakeholders in decision-making processes remained limited due to (1) centralised management of the ITIs; (2) limited capacity among municipalities to cooperate and coordinate actions; or (3) restriction to a usual group of stakeholders.

Expanding the pool of beneficiaries of Cohesion Policy and enabling learning and capacity-building: Despite these hurdles, ITIs were generally well-received by territorial stakeholders, as they expanded the pool of beneficiaries of Cohesion Policy and facilitated learning processes and capacity-building efforts aimed at fostering a more place-based approach to development. Additionally, the non-SUD ITIs stimulated the emergence of new territorial networks and collaboration platforms to support these shifts. Nevertheless, there is a need to continue investing in capacity-building and technical assistance to sustain and learn from these positive trends.

Cross-level coordination in the case of ITI Limburg

The Belgian Limburg ITI relates to the pre-existing SALK strategy aimed at assisting the area in economic recovery following the Ford car factory in Genk in 2012, which had major repercussions in terms of job losses and prosperity decline. The ITI was seen as a means to contribute to the SALK strategy and channel EU funds to support the recovery process, by combining ERDF and ESF resources to address complementary needs of the region, focusing on research and innovation, social innovation, as well as entrepreneurship and support for SMEs. The political backing form the Flemish government and the strong local identity of the territory facilitated cooperation among the 40 municipalities involved. The governance of the ITI was ensured by the Taskforce Limburg cooperating with the technical committee to prepare, implement and monitor projects, and by the ITI Steering Group bringing together representatives of the Flemish, provincial and local authorities, assessing project application for cohesion with the ITI strategy. This structure ensured a high degree of integration of operations supported and effective vertical coordination, albeit creating additional complexity and administrative burdens (ESPON, 2021).

ADDED VALUE

Stimulating collaboration with and among territorial stakeholders: Non-SUD ITIs have contributed to governance innovations by fostering closer collaboration among various levels of government and local stakeholders, sometimes involving new stakeholders, going beyond the 'usual suspects'.

Promoting a territorial approach and strategic planning for functional areas: Non-SUD ITIs have encouraged interventions that are more territorially focused, promoting a place-based approach to implementing EU Cohesion Policy, binging it closer to local beneficiaries and promoting a better response to the local needs. They encouraged experimentation with functional area governance or strengthened pre-existing inter-municipal cooperation structures.

Improved visibility of Cohesion Policy in the territories: The implementation of ITIs has heightened the visibility of Cohesion Policy within the covered territories. Tangible outcomes of ITI-supported projects were among the factors contributing to this, provided that effective communication initiatives were undertaken.

Improved absorption and more targeted use of Cohesion Policy funds: Non-SUD ITIs have bolstered the absorption and coordinated use of EU Cohesion Policy funding within the covered territories to address place-specific challenges, especially in more peripheral and less endowed areas.

SUCCESS FACTORS

- **Decentralised management and involvement of local stakeholders** in the elaboration and implementation of the strategy can improve the territorial focus of the ITI and develop local ownership and commitment.
- **Clear functional rationale** for the strategy, ideally addressing pre-existing shared challenges and aligned with the strategic planning initiatives.
- Anchoring the ITI strategy around a **well-defined geographical feature or shared interest** among stakeholders in the area.
- **Presence of a coordinating organisation** operating at the scale of the functional territory covered, enabling a dialogue and ongoing exchange with the local stakeholders.
- **Effective online and face-to-face communication** on the ITI to develop awareness of the tool and facilitate the appraisal of projects.
- Pre-existing **traditions of cooperation** across administrative boundaries and decentralisation or substantial investment in **technical assistance and capacity-building** to compensate for the lack of these.

BARRIERS AND CAVEATS

ITIs discontinued: Some of the ITIs studied are being discontinued or reformed for the 2021-2027 period, moving away from a place-based approach towards more sectoral or more centralised one. This can limit access to funding to some territorial stakeholders and prevent learning from past experiences.

Top-down approach: Since the non-SUD ITIs were not covered by the Article 7 requirement to delegate implementation, there was less scope to improve governance capacities at the sub-national levels because of more top-down governance, especially in centralised Member States. In some cases, this resulted in development of strategies that were not fully in line with the local needs and struggled to address regional challenges in an integrated way (e.g. Danube Delta ITI).

Coordination and capacity challenges: Non-SUD ITIs faced administrative capacity issues, hindering their effectiveness. This challenge was reinforced by the fact that this type of instrument requires additional vertical and horizontal

coordination efforts, sometimes involving creation of new coordinating institutions for the functional area covered. This proved particularly challenging in territories where there were no traditions of inter-municipal cooperation and strategic planning for functionally defined territories and where the ITIs were applied in fragmented rural territories where local authorities had limited resources. In the latter context, for instance encountered in Romania or France, the distribution of resources ended up being dictated by a redistributive logic rather than a strategic and territorial one. Capacity building and support for territorial actors are essential for making the most of this type of Territorial Delivery Instrument.

Administrative barriers: ITI implementation was slowed by administrative complexity and additional bureaucratic burdens, causing delays and resulting in slower absorption of funding as compared to other Territorial Delivery Instruments. These issues were reported in both more developed (e.g. Flanders) and less developed regions (e.g. Danube Delta). Some of these entailed differences in the regulatory framework for ERDF and ESF, concerning eligibility, funding application rules, or financial and audit provisions, which created additional administrative barriers and hindered thematic integration of operations supported and hindered the effectiveness of interventions and made monitoring challenging. Other burdens involved additional administrative demands for the development of strategies and appraising projects, as opposed to a more traditional approach to implementing Cohesion Policy, causing tensions across levels of government and rushing through the procedures, which in turn limited the scope for the involvement of local actors. Streamlining procedures and ensuring effective communication on how to implement this tool and get access to funding as part of it are needed to address this challenge.

Lack of awareness among potential beneficiaries: While the non-SUD ITIs typically helped to mobilise higher number of beneficiaries and sometimes engage new types of stakeholders, lack of awareness of this novel tool within some territories was seen as an impeding factor for implementation. This was reported for instance in the cases of Cadiz ITI (Spain) and Utena ITI, where additional efforts were deployed to raise awareness over time and attract more applicants for funding.

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