

Post 2027 Discussion Paper

Territorial instruments

5 November 2024

Please note | This discussion paper was produced for the Post 2027 Harvesting event, taking place in Brussels on 25-26 November 2024. It is a tool to stimulate discussion and engagement on the topic. **It does not represent an opinion of Interact, Interreg or any other actor.** For more information about the Harvesting process, please see the Post 2027 section of [Interact.eu](https://interact.eu)

Interreg and the future of territorial instruments

Overview

Challenges and needs should be understood in a territorial context. Often effective and efficient solutions cannot be developed within the administrative borders of a municipality or region but only across administrative borders taking into account the specificities of the territory. An increasing number of issues requires multilevel governance and the view on larger functional areas. This is also why place-based approaches have become increasingly important.

The Territorial Agenda 2030 identifies several important tools to strengthen the place-based approach:

1. The Territorial Impact Assessments (TIA), Assessing the potential impacts of policies on different regions ensures that decisions are made with a clear understanding of how they will affect various territories.
2. Integrated Territorial Investments (ITI) Coordinating investments across local and regional administrative boundaries and across sectors maximises their impact and ensures resources are used efficiently to address the specific needs and opportunities of each territory.
3. Community-Led Local Development (CLLD), derived from Liaison Entre Actions de Développement de l'Economie Rurale (LEADER) and Local Action Groups (LAG), translates to a “bottom-up” approach to local development that involves citizens at the forefront of the management of activities and decision-making processes.
4. Europe Closer to Citizens (PO5). By considering local and regional contexts in policy making and especially EU Cohesion Policy programmes and operations, investments can better meet the expectations and needs of citizens, fostering a stronger connection between people and European institutions. Within PO5 integrated territorial strategies (ITS) should be established to identify place-based strategies where local ownership is key.
5. Regional and Local Specificities. Recognising and leveraging the unique characteristics of different regions encourages innovative and context-sensitive solutions, leading to more effective and sustainable outcomes.

Besides the tools provided to be more territorial, stakeholder involvement is essential for territorial cohesion. By engaging stakeholders, policies can be tailored to address the unique needs and challenges of different places. Important dimensions of stakeholder involvement include:

- Cross-sector cooperation (horizontal policy cooperation), involving various sectors in decision making processes.
- Cross-administrative level cooperation (vertical policy cooperation), Collaboration between different levels of government ensures that policies are well-coordinated.

- Cross-border cooperation, essential for a functional area perspective and addresses challenges and opportunities, fostering integration and cohesion across Europe.
- Strengthening stakeholder capacity, leading to more inclusive and participatory governance.

The main strength of Interreg is being decentralised and therefore having a stronger focus on territorial needs and active engagement of a diverse range of stakeholders in both the development and implementation of policies, as demonstrated by the partnership principle. While not a cure-all for every territorial issue, Interreg programmes are highly recognised on-the-ground frameworks within the territories. This distinct approach sets Interreg apart from other EU funding instruments.

Within the current programme period, some programmes are using previous and new territorial instruments in order to be more place based. Based on practices by programmes, this discussion paper aims to set out the opportunities and current challenges of working with territoriality and the “new” means provided by the regulation translating them into key messages for the Post27 regulation.

Methodology

The information serving basis for this document has been collected through various events, activities and document research:

- Interviews with programmes using PO5, and those who considered but did not ultimately adopt PO5 (May-June 2024) (see a list of programmes in Annex 1)
- The work done by the Focus group on the Territorial package (published March 2022)
- Interreg Knowledge Fair 2024 session (March 2024).
- Stocktaking Review of the Territorial Agenda 2030, ESPON
- The Territorial Package, Interact
- The use of ITI, Interreg Europe
- Projects through CLLD, Interreg Austria-Italy

What is working

- Place-based, community-based, and territorial strategies are core to the work of Interreg. While the mechanisms and approaches may have changed, the focus of Interreg as a mechanism for bringing EU funds to local communities and regions is well established. In some areas, it has had a more direct focus through local- and/or territorial tools over many years. This approach is generally good in implementing EU funds on the ground, towards priorities identified with local stakeholders.
- The Territorial instruments and to some extent Small Project Fund (SPF) provide adaptable frameworks that can be tailored to local environments. The flexibility to choose among these options adds value by enabling a context-specific approach to territorial needs.
- Existing EGTCs or Euroregions are good bodies to facilitate the launching of new territorial approaches as they are close to the territory and have been working with local stakeholders for several programme periods.
- Transnational programmes work on stakeholder capacity to implement MRS, but also support multi-level governance implementing reforms in line with the Territorial Agenda
- In regards to **TIA**, some programmes have done TIA as a **preparatory study to define key needs in their programme area** before setting up their programme documents. There have been a few programmes experimenting with TIA related projects but it has not been heavily adopted.
- So far **Interregional Interreg programmes** such as URBACT and Interreg Europe seem to **have experimented with ITI**. They often support cities with territorial challenges in the

functional area through an integrated territorial investment approach. Some projects using ITI apply funding from both ESF+ and ERDF which exceeds the administrative boundaries of individual territorial units. Additionally, **it is a great tool to stimulate cooperation between local government units forming functional areas focusing on common strengths and problems.**

- **CLLD turns out to be a success** for Interreg Italy-Austria and some other **cross-border programmes**. Italy-Austria programme has, over two programme periods, setup 4 strategies in the programme territory and is implementing bottom-up projects tapping into existing LAG. The selling point of CLLD, is the **bottom-up approach that allows funding initiatives that respond to territorial needs that only local actors are able to define.**
- **The approach in PO5**, a multi-sectoral policy objective, allows local stakeholders and communities to **design and implement their own strategies**. They can be defined and adapted to the specific needs of that particular cross-border area. It is important that these strategies are separate from the programme level strategies. They should be narrowed down to a specific territory with specific local challenges. Through these strategy-building processes, which are thematically open and responsive to local realities, programmes have implemented their own integrated territorial strategies (ITS) through strategy implementing bodies.
- Where no existing cooperation structures exists, it generally takes more time and effort to establish new networks. However, the ability to enable stakeholders to build, bottom-up, a strategy for EU funding in the area is perhaps the single clearest demonstration of **EU funding meeting local priorities**. The quadruple helix model, involving SMEs, universities, associations, and public authorities, has been particularly effective in **supporting multi-sectoral cooperation**. In some cases, the basis of long-term cross-border cooperation has been established, with stable partnerships, such as those between Bulgaria and North Macedonia. Showing that strong cultural and historical ties can overcome political challenges and lead to lasting collaborations.

What is missing and needs further improvements

- For Territorial instruments like CLLD, PO5, SPF, managing public funds across borders is a complicated administrative task, which places a heavy burden on stakeholders. The programme's budget is often insufficient to meet the identified needs, and state aid regulations are difficult for local actors to understand. Geographical and infrastructure bottlenecks further complicate these issues.
- The timeline for the implementation of PO5 in areas without existing LEADER, LAG or CLLD instruments needs to be considered. Specific measures (for example, CLLD process) require a different approach which might lead to slower absorption of funds during the start of the programming period. Therefore, a **greater flexibility in applying decommitment rules during the first two implementation years might be beneficial**. More support to build and maintain momentum for cooperation is needed, especially if PO5 becomes more widely utilised in future periods, building on the knowledge gained in this period.
- **Steps to implement or build the ITS before the start of programming** would be useful. Adopting key aspects of definitions either in the programme document, or the orientation paper that informed the programme, could give a **better starting point** to support the orientation of new stakeholders. It would be great to use the same terminology for example for the Strategy Implementing body (to steer the process) and the Decision Board.
- Similarly, bringing actors together earlier, to start **building a cooperation culture, and concept of the strategy** and to be able to start implementation could help tackle this key challenge
- It is important to point out that due to lack of ownership the strategies are often not sustainable. **It is therefore key to focus on clear leadership with proper coordination, when establishing ITS or CLLD.**

- There is a **need for more investment in capacity building of local and regional stakeholders**. Programmes could look at existing LEADER or LAG close to the border that can potentially be setup to collaborate across borders. Strategy bodies require more resources, time, and training to effectively address the wide range of topics associated with territorial development. Ensuring that these groups can continue to function after funding ends is a challenge, as is managing the complexity of communication and decision-making processes, which often suffer from inefficiency and the potential for conflicts of interest. It is generally encouraged to use ISO1 to prepare strategies for the future period.
- Besides empowering local stakeholders, it is important to **build up the capacity** of the administrative bodies of the programme such as the JS/MA, monitoring committees/strategy boards to **guide the projects in the right direction** but also to **know what territorial instruments are out there and what are the differences and benefits for applying them**.
- To ensure the long-term success of PO5 and ITS, it is important that projects contribute to the priorities set out in the strategies, being MRS, SBS, ITS or other. **Projects (if not guided carefully) could lack strategic direction**.
- Failing to effectively define the territory for PO5, making it too large and incoherent, or too small for effective implementation is a huge risk to the approach.
- Expanding the territorial approach to include cooperation areas such as sea basins, macro-regions and other cooperation areas would enable Interreg to address shared regional needs more effectively, allowing for a cohesive focus on maritime and macro-regional functional areas within the broader territorial strategy. TN programmes are instrumental to implement these cooperation formats and link initiatives to them.
- In larger programme areas, tailored approaches could address specific challenges outside the formal scope of Interreg and broader cohesion policy objectives. For example, regions bordering Russia and Belarus face unique issues following disruptions in cross-border cooperation. A territorial approach could provide essential support by addressing challenges stemming from the reduced cooperation along these borders.

What would be your vision for the future? Key messages

1. Support the territorial place-based approach as a core policy

The focus on territorial instruments to be more place-based involving the community has proven to be an effective way to re-dynamise cooperation at the local level. Policymakers should continue to institutionalise this approach within broader cross-border and cohesion policies, reinforcing the importance of territorial instruments as important tools to future cooperation frameworks. TIA are useful assessments together or instead of SWOT analysis to get a clear focus at programme level on the territorial needs. They help programmes to strengthen their place-based approaches and better link sector policies with regional development objectives.

2. In the current shape PO5 and ITI are not tailored to transnational Interreg programmes, as the focus is strongly on grassroots activities.

PO5 has been tested in a cross-border Interreg programmes context providing evidence that can lead to further improvements of the approach. Transnational Interreg programmes face challenges in adopting this framework under the current regulatory framework due to their broader geographic focus and diverse regional needs. For transnational programmes to work on integrated territorial investments or apply new forms of territorial instruments, the regulation has to be simplified considering wider transnational cooperation settings.

Moreover, in some cases transnational programmes operate within wider frameworks like macro-regional strategies (MRS), sea basin strategies (SBS) and Arctic cooperation, or are guided by the TA 2030, where broader, top-down priorities guide their objectives. In such contexts, the current PO5

approach, focused on community-led initiatives and local strategies, poses a challenge. Transnational programmes, by design, address large-scale issues that require macro-level solutions rather than localised interventions.

3. The cross-sectoral integrated approach of PO5 provides flexibility to work on regions' actual needs.

The flexibility of PO5 and its open thematic approach have been key to its success. This allows regions to address their specific needs and challenges. Policymakers should maintain this flexibility, allowing for cross-sectoral projects and place-based solutions that align with the unique realities of each territory. For establishing strategies, it is important to look at what already exists, DG AGRI and DG MARE have been working with LEADER structures. LAG's have also been existing for some time. Interreg programmes could potentially tap into the existing networks close to the border rather than trying to create new networks from scratch.

4. Build trust between actors at all levels (multi-level governance) and support building sustainable partnerships (encourage to work with EGTCs + Euregios and existing LEADER & LAG)

The use of PO5 has shown the importance of trust between stakeholders and capacity-building efforts. Programmes should focus on building trust between actors at all levels; local, regional, and national, through governance projects and capacity-building initiatives. This ensures stakeholders are motivated and equipped to manage territorial strategies effectively. Working with cross-border cooperation structures like EGTCs and Euregios and other existing local action groups should be strongly encouraged as they have been engaging with local stakeholders for several programme periods.

5. Simplify processes, strategy building in particular and enhance the use of SCO's.

Policymakers should further support simplification measures, especially in small-scale projects, to enhance the accessibility of funds and encourage more innovative and bold proposals. The process of setting up ITS turns out to be more complex and takes more time than expected, leading to delays in programme implementation when working with PO5. It is therefore recommended to start earlier, potentially already in this period for the future using for example ISO1. Simplifying the process of strategy building and making strategies sustainable and durable is also essential. Administrative simplification, particularly through tools like Simplified Cost Options (SCOs), can significantly reduce the burden on local stakeholders and improve implementation efficiency.

Some of the territorial instruments have proven very useful for Interreg programmes. However, their purpose has not always been applicable in every context. Empowering local actors, maintaining flexibility, fostering cross-border integration and ensuring long-term sustainability through simplified and trust-building policies are crucial for ensuring the continued use of instruments such as; TIA, ITI, PO5, ISO1 and CLLD.

Annex 1: List of Interreg programmes interviewed on use (or not) of PO5

1. Interreg Austria-Germany/Bavaria
2. Interreg Baltic Sea Region
3. Interreg Bulgaria-Türkiye
4. Interreg Bulgaria-North Macedonia
5. Interreg Bulgaria-Serbia
6. Interreg Caraïbes
7. Interreg France-Italy (ALCOTRA)
8. Interreg Grande Région/Großregion
9. Interreg Italy-Austria
10. Interreg Romania-Bulgaria
11. Interreg South Baltic
12. Interreg Spain-France-Andorra (POCTEFA)

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