

ITI - Financing Instrument of Inter-sectoral Integrated Management Strategies. Case Study the ITI Danube Delta

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Abstract: The main objectives of this paper are to reveal some aspects regarding the ITI mechanism (Integrated Territorial Investment), which makes it possible the funding from several priority axes of one or more operational programs, in order to ensure the implementation of an inter-sectoral strategy integrated for a specific designated territory. This paper continues the research related to structural funds and investments from the European Union in 2014-2020. The results of this document shows the potential benefits of ITI, study case: ITI Danube Delta. The main conclusion of this work is related to the challenge posed to Romania, the financial allocation worth about 1.11 billion. € provided in 2014-2020 to the ITI instrument. The implications of the documents could be useful to researchers, academics and also for managers working in the studied area.

Keywords: financing instrument; Danube Delta; management strategies

1. Introduction

Integrated Territorial Investment (ITI) is a new tool introduced by EU in the Common Provision Regulation (CPR) for use during the European Structural and Investment Funds (ESIF) programming period 2014-2020. Its aim is to make it easier to run territorial strategies that need funding from different sources. ITI also promotes a more local form of policy making.

This policy shift has resulted in a new focus on EU priorities, more efficient and effective interventions, intensive cross-cutting dialogue between stakeholders and a more integrated approach to development.

These changes are clearly visible in cohesion policy, which has been significantly reformed. It now focuses more on results and how to achieve the European-wide objectives defined in Europe 2020.

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Today, we see an integrated territorial approach to cohesion policy, which involves exploiting the development potential of various territories by using multiple sources of financing.

2. General Presentation of Integrated Territorial Investment

According CPR (Article 36 - Integrated territorial investment): “Member States and regions increasingly face challenges that relate to the impact of globalization, environmental and energy concerns, population ageing and demographic shifts, technological transformation and innovation demands, and social inequality. It should be possible to combine ESI Funds into integrated packages which are tailor-made to fit specific territorial needs”.

In his 2009 report for the Commission, Fabricio Barca argued that an integrated territorial (or place-based) approach should be used to revitalize cohesion policy, helping the EU reach its economic and social objectives (Barca, 2009). Specifically, Barca called for a “place-based development strategy aimed at both core economic and social objectives”.

What is Barca’s definition of a place-based policy? A long-term strategy aimed at tackling persistent under the utilization of potential and reducing persistent social exclusion in specific areas through external interventions and multilevel governance. It promotes the supply of integrated goods and services tailored to contexts, and it triggers institutional changes”.

The main focus of a place-based policy is on the effective use of each territory’s potential. This guarantees long-term socio-economic benefits both for the local population and others living within a certain radius of the territory in question. The approach involves close dialogue and cooperation between institutions and actors operating at different management levels. It also combines external know-how and resources with local assets in a way that eliminates or decreases the threat of domination by any of the partners. Tailoring public policies to the needs on the ground should bring long-lasting effects to the local population. It should also help to achieve both European and national goals thanks to the proper use of locally rooted development factors like infrastructure, governance culture or climate.

J. Zaucha and D. Świątek show in their study, an effective approach to territorial development requires a rethink of how policy objectives are defined at European, national, regional and sub-national levels. (Zaucha & Świątek, 2013). It also needs a comprehensive system of programming, governance and management.

The role of an ESIF integrated territorial approach is clarified in the Common Strategic Framework (EU Regulation No. 1303/2013) that sets common strategic objectives for all the ESI funds. “Member States shall take account of geographic or demographic features and take steps to address the specific territorial challenges

of each region to unlock their specific development potential, thereby also helping them to achieve smart, sustainable and inclusive growth in the most efficient way”.

A place-based approach can generally be applied effectively in any EU territory. However, some areas have been identified as being in particular need of such an approach due to the kinds of challenges they are facing, such as a low population count or their location – for example the Danube Delta, in Romania.

3. ITI Elements

The key elements of an ITI are:

- a designated territory with an integrated (multi-sectoral) territorial development strategy to serve as the basis for the implementation of the ITI; the strategy underpinning an ITI should be a single cohesive strategy (e.g. separate development strategies of different municipalities cannot underpin a single ITI, but if they have a joint development strategy a single ITI may be set up).
- an arrangement that draws on funds from at least two different priority axes or programmes and ensures that these funds are used in an integrated manner.

Therefore an implementation set-up that is not based on a territorial development strategy, or is financed from only one priority axis, does not constitute an ITI.

ITIs form part of a "tool-kit" for territorial development that is made available for the Member State for use on a voluntary basis - the use of ITIs is thus not obligatory.

As set out in Article 36(1) of the CPR, Member States have a choice whether or not to use ITIs. There are several alternatives to achieving an integrated territorial approach – ITI is only one of the options that can be used for this purpose. In the case of sustainable integrated urban development under Article 7 of the ERDF Regulation, Member States may envisage a dedicated priority axis or a specific operational programme for sustainable urban development as an alternative to ITIs or in addition to ITIs.

4. A Genuine Territorial Integrated Approach

The territorial approach is present in all ESI fund regulations. All ESI Funds can be used in integrated packages at local, regional or national level through the use of territorial integrated instruments such as Integrated Territorial Investments (ITI).

For the purpose of legal clarity, the territorial approach is defined as the financing of urban or other territorial strategies through combined investments from more than one priority axis of one or more programmes.

The guidance document CPR: ‘Integrated Territorial Investment’ explains the programming elements of the ESI fund regulations that relate to ITI. It focuses on four aspects:

- ITI must relate to the territory in question;
- it must be financed by the ERDF, ESF or the cohesion fund;
- it can be drawn from at least two different priority axes of one or more OPs;
- it can be complemented by using the European Agricultural Fund for Rural Development (EAFRD) and/or the European Maritime and Fisheries Fund (EMFF).

CPR: The Member State or the Managing Authority (MA) may designate one or more intermediate bodies, including local authorities, regional development bodies or Non-Governmental Organisations, to carry out the management and implementation of an ITI in accordance with the fund-specific rules.

5. The Added Value of ITI

ITI can offer immediate added value in programming. It can result in a more efficient implementation of territorial strategies by improving coordination between ESI funds.

ITI can also increase administrative capacity to deal with integrated territorial development at the level most appropriate for carrying out urban and territorial strategies. If the ITI increases the role of local authorities, NGOs and other sub-national bodies involved in managing and implementing ESI Funds, this could, in the longer term, help to widen capacities for conducting territorial development through:

- preparing integrated strategies where they do not exist;
- promoting territorial dialogue;
- developing coordination with other local, regional and national strategies;
- introducing a multilevel governance system;
- promoting partnership with territorial development stakeholders such as local governments, other public bodies, business, NGOs and representatives of local community groups;
- bringing about experimentalism and flexibility;
- encouraging more effective management and implementation of public policies;
- building monitoring and evaluation capacity, etc.

The regional development strategy contained a detailed description of the needs, challenges and potential of the whole region and in particular sub-region. It served as reference point for various regional strategic documents including a smart specialization strategy, operational documents such as the regional OP and proposals for activities and projects to be financed from other national and European programmes, including those co-financed by the EAFRD and the EMFF.

The provisions regarding ITI have several potential benefits:

- The ITI as an instrument promoting the integrated use of Funds has the potential to lead to a better aggregate outcome for the same amount of public investment.
- The possible delegation of management of ITIs empowers sub-regional actors (local/urban stakeholders) by ensuring their involvement and ownership of programme preparation and implementation.
- As an ITI will have its various funding streams secured at its inception, there will be greater certainty regarding the funding for integrated actions.
- ITI is an instrument designed for a place-based approach to development that can assist in unlocking the under-utilized potential contained at local and regional levels.

6. Case Study - the ITI Danube Delta

Romania uses the ITI instrument used primarily in the Danube Delta Biosphere Reserve (a single territory, with very special features: rare and isolated population, economic specialization and vulnerability, limited access to services, etc.); the integrated development strategy for this area began with the World Bank expertise together with the competent local authorities. The strategy will be implemented through a plan of action developed also with the expertise of the World Bank, which will include the proposed interventions and mechanisms for implementation, using all funds ESI (European Regional Development Fund, the European Agricultural and Rural Development Fund, the European Fund for Fisheries and Maritime Affairs, Cohesion Fund, European Social Fund).

The ESI funds will play an important role in achieving the expected outcomes of the Integrated Strategy for Sustainable Development of the Danube Delta (SIDDDD) and the 2014-2020 programs. The contribution of each program, project types and final allocations were determined by Strategy for the Danube Delta.

Under the proposal SIDDDD and ITI proposals for the Danube Delta region have been identified types of interventions / projects that will be funded in 2014-2020. The strategy is structured around five pillars closely interconnected and there are derived from those two strategic objectives - the environmental protection and economic development:

- Pillar I: Protecting the environment and natural resources;
- Pillar II: Improving economy;
- Pillar III: Improving connectivity;
- Pillar IV: Ensuring public services;
- Pillar V: Promoting the efficiency, accessibility and sustainability (including administrative capacity of local authorities and technical assistance in implementing the program).

Within each pillar there are listed the types of interventions / projects belonging to sectoral targets defined for each sector based on the pillar of development.

ITI Danube Delta Funding

The estimated total budget according to Operational Programmes is 1.114 billion euros from European funds (plus national funding):

- POIM – 407,64 mil. euro;
- POR – 358,1 mil. euro;
- PNDR – 168 mil. euro (including national funding);
- POPAM – 37 mil. euro;
- POC – 60 mil. euro;
- POCU – 60 mil. euro;
- POCA – 16 mil. euro;
- POAT – 5 mil. euro.

Integrated funding is secured from all operational programs, including investments in FC, ERDF, ESF, EAFRD, EMFF (Table 1).

Table 1. Allocation ITI Delta Region (2014-2020)
Full funding is secured from all operational programs, including investments in FC, ERDF, ESF, EAFRD, EMFF

Priority Program (Bill. Euro)	Priority Axis	Allocation estimates (Bill. Euro)	Fund
Operational Regional Program (POR)	AP 2 - Improving the competitiveness of small and medium enterprises	64	FEDR
	AP 3 - Supporting the transition to a low carbon economy	116	
	AP 5 - Improving the urban environment and conservation, protection and sustainable use of cultural heritage	45	
	PA 6 - Improving road infrastructure of regional importance	75	

	AP 7 - The diversification of local economies through sustainable tourism development	5	
	AP 8 - health and social infrastructure development	21	
	AP 10 - Improving educational infrastructure	32	
Operational Programme Infrastructure (POIM)	AP 2 - The development of a multimodal transport system, quality, sustainable and effective	236	FEDR
	AP 3 - Development of the environment in terms of efficient management of resources	60	FC
	AP 4 - Environmental protection measures for biodiversity conservation, air quality monitoring and remediation of historically contaminated sites	60	FEDR
	AP 5 - Promoting climate change adaptation, risk prevention and management	48	FC
	AP 7 - Promoting clean energy and energy efficiency to support a low-carbon economy	4	FEDR
Operational Programme Competitiveness (POC)	AP 1 - research, technological development and innovation (RDI) in support of competitiveness economic and business development AP 2 - Information and communications technology (ICT) for a competitive digital economy	40	FEDR
	AP 1 - research, technological development and innovation (RDI) in support of competitiveness economic and business development AP 2 - Information and communications technology (ICT) for a competitive digital economy	20	
Operational Programme Human Capital (POCU)	PA3 - Jobs for all	18	FSE
	AP 4 - Social inclusion and combating poverty	22	
	PA 6 - Education and Skills	20	
Operational Programme Administrative capacity (POCA)	AP 1 - Public administration and effective judicial system	8	FSE
	AP 2 - Public administration and judiciary accessible and transparent	8	
National Rural Development	Measure 4 - Investments in physical assets	168	FEADR
	Measure 6 - Development of farms and		

Programme (RDP)	businesses		
	Measure 7 - Basic services and village renewal in rural areas		
	Measure 10 - Agri-environment and climate		
	Measure 19 - Support for local development LEADER		
Maritime Affairs and Fisheries Operational Programme (POPAM)	Priority no. 1 Union - Promoting sustainable fisheries in terms of the environment, efficient in terms of resource use, innovative, competitive and knowledge-based	37	FEPAM
	Priority no. 2 Union - Stimulate sustainable aquaculture in terms of environmentally efficient in terms of resource use, innovative, competitive and knowledge based		
	Priority no. 4 Union - Increasing the employment of the workforce and increasing territorial cohesion		
	Priority no. 5 Union - Stimulate marketing and processing		
Operational Programme technical assistance (POAT)	AP 1 - Strengthening the capacity of beneficiaries to prepare and implement projects funded ESI and dissemination of information on these funds	5	FEDR

Source: Information processed from different sources

7. Conclusions

An ITI is a territorial delivery mechanism that enables the implementation of a territorial strategy in an integrated manner while drawing funds from at least two different priority axes in the same or different programmes. For Danube Delta and adjacent area that can be funded by ITI; the use of this mechanism is of crucial importance for the preservation, rehabilitation, protection and improvement of natural and cultural values which constitute the main attraction of the region.

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