



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 12 October 2012

Interinstitutional File:

2011/0276 (COD)

2011/0275 (COD)

2011/0268 (COD)

2011/0273 (COD)

**14287/12
ADD 3 REV 1**

**FSTR 64
FC 42
REGIO 102
SOC 780
AGRISTR 128
PECHE 372
CADREFIN 408
CODEC 2242**

ADDENDUM 3 to NOTE

from : Presidency
to : Permanent Representatives Committee (part 2)/Council

No. prev. doc.: 13730/12, 15249/11, 15247/1/11 REV 1, 15253/1/11 REV 1,
No. Cion prop.: COM(2012) 496 final, COM(2011) 614 final, COM(2011) 607 final/2,
COM(2011) 611 final/2,

Subject: Cohesion Policy legislative package
 - Presidency compromise on Territorial Development

Delegations will find attached a compromise text on Territorial Development parts of the proposals for the Common Provisions Regulation, the ERDF Regulation, the ESF Regulation and the ETC Regulation.

The modifications highlighted in bold are for the Common Provisions Regulation those in comparison to the proposal presented by the Commission on 6 October 2011, corrected on 14 March 2012 and as amended on 11 September 2012, as well as for the ERDF Regulation, the ESF Regulation and the ETC Regulation those in comparison to the revised version (corrigendum) presented by the Commission on 14 March 2012.

Common Provisions Regulation

CHAPTER II

Community-led local development

Article 28

Community-led local development

1. Community-led local development **shall be supported by the EAFRD**, which **shall be** designated as LEADER local development **and may be supported [...] by the ERDF, ESF or EMFF. These Funds are hereinafter referred to as the “concerned CSF Funds”.** [...]

2. **Community-led local development shall be:**
 - (a) focused on specific sub-regional **areas**;

 - (b) community-led, by local action groups composed of representatives of public and private local socio-economic interests, where, at the decision-making level neither [...] public **authorities, as defined in accordance with national rules**, nor any single interest group shall represent more than 49 % of the voting rights;

 - (c) carried out through integrated and multi-sectoral area-based local development strategies;

 - (d) designed taking into consideration local needs and potential, and include innovative features in the local context, networking and, where appropriate, cooperation.

3. Support from the **concerned** CSF Funds to **community-led** local development shall be consistent and coordinated between the **concerned** CSF Funds. This shall be ensured inter alia through coordinated capacity-building, selection, approval and funding of **community-led** local development strategies and local development groups.

4. Where the selection committee for the **community-led** local development strategies set up under Article 29(3) determines that the implementation of the **community-led** local development strategy selected requires support from more than one Fund, [...] **it may designate in accordance with national rules and procedures, a lead Fund to support all running and animation costs under Article 31 paragraphs (d) and (e) for the community-led local development strategy.**

4. [...]

5. **Community-led** local development supported by the **concerned** CSF Funds shall be carried out under one or more priorities of the **relevant programme(s) in accordance with the concerned CSF Funds specific rules.**

Article 29

Community-led local development strategies

1. A **community-**led local development strategy shall contain at least the following elements:
 - (a) the definition of the area and population covered by the strategy;

 - (b) an analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats;

- (c) a description of the strategy and its objectives, a description of the integrated and innovative character of the strategy and a hierarchy of objectives, including [...] measurable targets for outputs or results. **For results targets may be expressed in quantitative or qualitative terms.** The strategy shall be **consistent** with the relevant programmes of all the **concerned** CSF Funds involved;
 - (d) a description of the process of community involvement in the development of the strategy;
 - (e) an action plan demonstrating how objectives are translated into actions;
 - (f) a description of the management and monitoring arrangements of the strategy, demonstrating the capacity of the local action group to implement the strategy and a description of specific arrangements for evaluation;
 - (g) the financial plan of the strategy, including the planned allocation of each of the **concerned** CSF Funds.
2. Member States shall define criteria for the selection of **community-led** local development strategies. [...].
 3. **Community-led** local development strategies shall be selected by a committee set up for this purpose by the **responsible** managing **authority or** authorities [...] **and approved by the responsible managing authority or authorities.**
 4. The **first round of** selection [...] of [...] **community-led** local development strategies shall be completed **within two years from the date of the approval of the Partnership Agreement** at the latest. **Member States may select additional community-led local development strategies after that date but as a general rule no later than by 31 December 2017.**

5. The decision [...] approving a **community-led** local development strategy [...] shall set out the allocations of each **of the concerned** CSF Funds [...].

6. **[...]. The population of the area referred to in paragraph 1 (a) above shall be not less than 10 000 and not more than 150 000 inhabitants. By way of derogation, the population limits of 10 000 and 150 000 inhabitants may be lowered or increased respectively in order to take into account the specific territorial characteristics of the area concerned where the necessity for such derogation is duly justified in the Partnership Agreement or in the relevant programme(s).**

Article 30

Local action groups

1. Local action groups shall design and implement the **community-led** local development strategies.

Member States shall define the respective roles of the local action group and the authorities responsible for the implementation of the relevant programmes, for all implementation tasks relating to the strategy.

2. The **responsible** managing authority **or authorities** shall ensure that the local action groups either select one partner within the group as a lead partner in administrative and financial matters, or come together in a legally constituted common structure.

3. The tasks of local action groups shall include the following:
 - (a) building the capacity of local actors to develop and implement operations;

- (b) drawing up a non-discriminatory and transparent selection procedure and **objective** criteria for the selection of operations, which avoid conflicts of interest, that shall ensure that at least 50% of the votes in selection decisions are [...] partners **which are not** public **authorities** [...] and **shall allow** selection by written procedure;
- (c) ensuring coherence with the **community-led** local development strategy when selecting operations, by prioritising them according to their contribution to meeting the strategies' objectives and targets;
- (d) preparing and publishing calls for proposals or an ongoing project submission procedure, including definition of selection criteria;
- (e) receiving applications for support and assessing them;
- (f) selecting operations and fixing the amount of support and, where relevant, presenting the proposals to the responsible body for final verification of eligibility before approval;
- (g) monitoring the implementation of the **community-led** local development strategy and the operations supported and carrying out specific evaluation activities linked to the **community-led** local development strategy.

4. Without prejudice to paragraph 3 (b), the local action group may be a beneficiary and implement operations in accordance with the community-led local development strategy.

5. In case of cooperation activities of local action groups as referred to in Article 31(1) (c), the tasks set out in Article 30 (3) (f) may be carried out by the responsible managing authority.

Support from the CSF Funds for community-led local development

- 1.** Support for local development shall include:
- (a) the costs of preparatory support **including:**
 - (i) **targeted actions to support the capacity building and formation of new groups and support for small pilot projects;**
 - (ii) **capacity building, training and networking with a view to preparing and implementing a local development strategy;**
 - (b) implementation of operations under the **community-led** local development strategy;
 - (c) preparation and implementation of cooperation activities of the local action group;
 - (d) running costs [...] **linked to the management of the implementation of the strategy consisting of operating costs, personnel costs, training cost, costs linked to public relations, financial costs as well as the costs linked to monitoring and evaluation of the strategy as referred to in Article 30(3)(g);**
 - (e) animation of the **community-led** local development strategy **in order to facilitate exchange between stakeholders to provide information and to promote the strategy and to support potential beneficiaries to develop operations and prepare applications.**

2. **Support for running costs and animation shall not exceed** 25 % of the total public expenditure incurred within the local development strategy.

ex-Article 99 (to be moved to Part II)

Integrated territorial investment

1. Where an urban development strategy or other territorial strategy or pact **referred to in** Article 12(1) of Regulation... [ESF] requires an integrated approach involving investments **from the ESF, ERDF or Cohesion Fund** under more than one priority axis of one or more operational programmes, the action **may** be carried out as an integrated territorial investment (an 'ITI').

The action carried out under an ITI may be complemented with financial support from the EAFRD or the EMFF.

2. **Where an ITI is supported by ESF, ERDF or Cohesion Fund,** the relevant operational programme(s) shall **describe the approach to the use of** the ITI instrument [...] **and the indicative financial allocation from each priority axis in accordance with the Fund-specific rules.**

Where an ITI is complemented with financial support from the EAFRD or the EMFF, **the indicative financial allocation and the measures covered shall be set out in the relevant programme(s) in accordance with the Fund-specific rules.**

3. The Member State or the managing authority 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.**

4. The Member State or the relevant managing authorities shall ensure that the monitoring system for the [...] programme(s) provides for the identification of operations and outputs of a priority axis **or Union priority** contributing to an ITI.

European Regional Development Fund

Recital

- (7) Within the framework of sustainable urban development, it is considered necessary to support integrated actions to tackle the economic, environmental, climate and social challenges affecting urban areas [...], **including cities, peri-urban areas and deprived urban neighbourhoods, defined in accordance with the relevant national framework of each Member State.**

Chapter III

Specific provisions on the treatment of particular territorial features

Article 7

Sustainable urban development

1. The ERDF shall support, within operational programmes, sustainable urban development through strategies setting out integrated actions to tackle the economic, environmental, climate and social challenges affecting urban areas.
2. Each Member State shall establish in its Partnership **Agreement the principles for identifying the urban areas** where integrated actions for sustainable urban development are to be implemented [...].

At least 5% of the ERDF resources allocated at national level **under the investment for growth and jobs goal** shall be allocated to integrated actions for sustainable urban development [...] **where cities or other sub-regional or local bodies responsible for implementing sustainable urban strategies, (hereinafter “Urban Authorities”), shall participate in the selection of operations. The integrated actions for sustainable urban development shall be implemented through an operational programme, a priority axis in accordance with Article 87(1)(c) of Regulation (EU) No [...]/2012 [CPR] dedicated for this purpose or** Integrated Territorial Investments referred to in **ex-Article 99** of Regulation (EU) No [...]/2012 [CPR]. **The indicative amount to be dedicated for this purpose shall be set out in the relevant operational programme(s). Specific arrangements to ensure the participation in the selection of operations of the Urban Authorities shall be decided by the managing authority in consultation with the Urban Authorities.**

- 3. In addition, managing authorities may delegate to Urban Authorities the management of integrated actions for sustainable urban development. The scope of the management tasks to be delegated to Urban Authorities, shall be decided by the managing authority in consultation with the Urban Authorities and shall be formally recorded in writing.**

*Article **8** (ex-Article 9)*

Innovative Actions in the field of Sustainable Urban Development

1. [At the initiative of the Commission, the ERDF may support innovative actions in the field of sustainable urban development, subject to a ceiling of 0,2% of the total annual ERDF allocation.]¹ They shall include studies and pilot projects to identify or test new solutions to issues relating to sustainable urban development which are of relevance at Union level.

¹ **To be reviewed at a later stage depending on the outcome of the MFF negotiations.**

2. By derogation to Article 4 **of this regulation**, innovative actions may support all activities necessary to achieve the thematic objectives set out in Article 9 of Regulation (EU) No [...] /2012 [CPR] and corresponding investment priorities.
3. The Commission shall adopt, **by means of implementing act**, in accordance with **the examination procedure referred to in Article 143(3), the uniform conditions concerning the procedural modalities** for the selection and implementation of innovative actions.

Article 9 (ex-Article 8)

Urban development platform

1. The Commission shall establish, in accordance with Article 51 of Regulation (EU) No [...] /2012 [CPR], an urban development platform to promote capacity-building and networking [...] and exchange of experience [...] at Union level [...] **between cities or other sub-regional or local bodies responsible for implementing sustainable urban strategies in accordance with Article 7 paragraphs 2 and 3 of this regulation and innovative actions in the field of sustainable urban development in accordance with Article 8 (ex-Article 9) of this Regulation.**
2. **The activities of the urban development platform shall be complementary to those undertaken under interregional cooperation pursuant to Article 2 paragraph 3 (b) of Regulation (EU) No [...] /2012 [ETC].**
3. [...].

Article 10

Areas with natural or demographic handicaps

Operational programmes co-financed by the ERDF covering areas with severe and permanent natural or demographic handicaps referred to in Article 111(4) of Regulation (EU) No [...] /2012 [CPR] shall pay particular attention to addressing the specific difficulties of those areas.

European Social Fund

Chapter II

Specific provisions for programming and implementation

Article 12

Specific provisions on the treatment of particular territorial features

1. The ESF may support community-led local development strategies, as referred to in Article 28 of Regulation (EU) No [...] [CPR], territorial pacts and local initiatives for employment, education and social inclusion, as well as Integrated Territorial Investments (ITI) as referred to in ex-Article 99 of Regulation (EU) No [...] [CPR].
2. Complementing ERDF interventions as referred to in Article 7 of Regulation (EU) No [...] [ERDF], the ESF may support sustainable urban development through strategies setting out integrated actions to tackle the economic, environmental and social challenges affecting **the** urban areas **decided by the Member States** [...] **on the basis of the principles defined** in the Partnership **Agreement**.

European Territorial Cooperation

Chapter III Programming

Article 9

Community-led local development

Community-led local development under Article 28 of Regulation (EU) No./2012 [CPR] may be implemented in cross-border cooperation programmes, provided that the local development group is composed of representatives of at least two countries, of which one is a Member State.

Article 10

Integrated territorial investment

For cooperation programmes, the intermediate body to carry out the management and implementation of an Integrated territorial investment referred to in Article 99(3) of Regulation (EU) No./2012 [CPR] shall be [...] **a** legal body established under the laws of one of the participating countries **or an EGTC** provided that it is set up by public authorities from at least two participating countries.

Common Provisions Regulation¹

Article 14

Content of the Partnership Agreement

2. The Partnership Agreement shall also indicate:

(a)

- (ii) the arrangements to ensure an integrated approach to the use of the CSF Funds for the territorial development of specific sub-regional areas, in particular the implementation arrangements for Articles 28, 29 and ex-99 accompanied, [...], by [...] the principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented;

Article 87

Content, adoption and amendment of operational programmes under the Investment for growth and jobs goal

3.

- (b) the indicative amount of the ERDF support for integrated actions for sustainable urban development, to be implemented in accordance with the provisions under Article 7(2) of Regulation (EU) No [ERDF] and the indicative allocation of ESF support for integrated actions;**

- (c) the approach to the use of the Integrated Territorial Investment instrument other than in cases covered by (b), and their indicative financial allocation from each priority axis;**

¹ Articles 14 and 87 have been already agreed by the Council in April 2012. The above amendments refer only in the text within brackets and constitute necessary adaptations for consistency with the relevant Articles of the bloc.