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the European Regional
Development Fund



Investment in the Future

Support in enhancing regional and territorial dimension in
programming documents for EU Funds 2014-2020

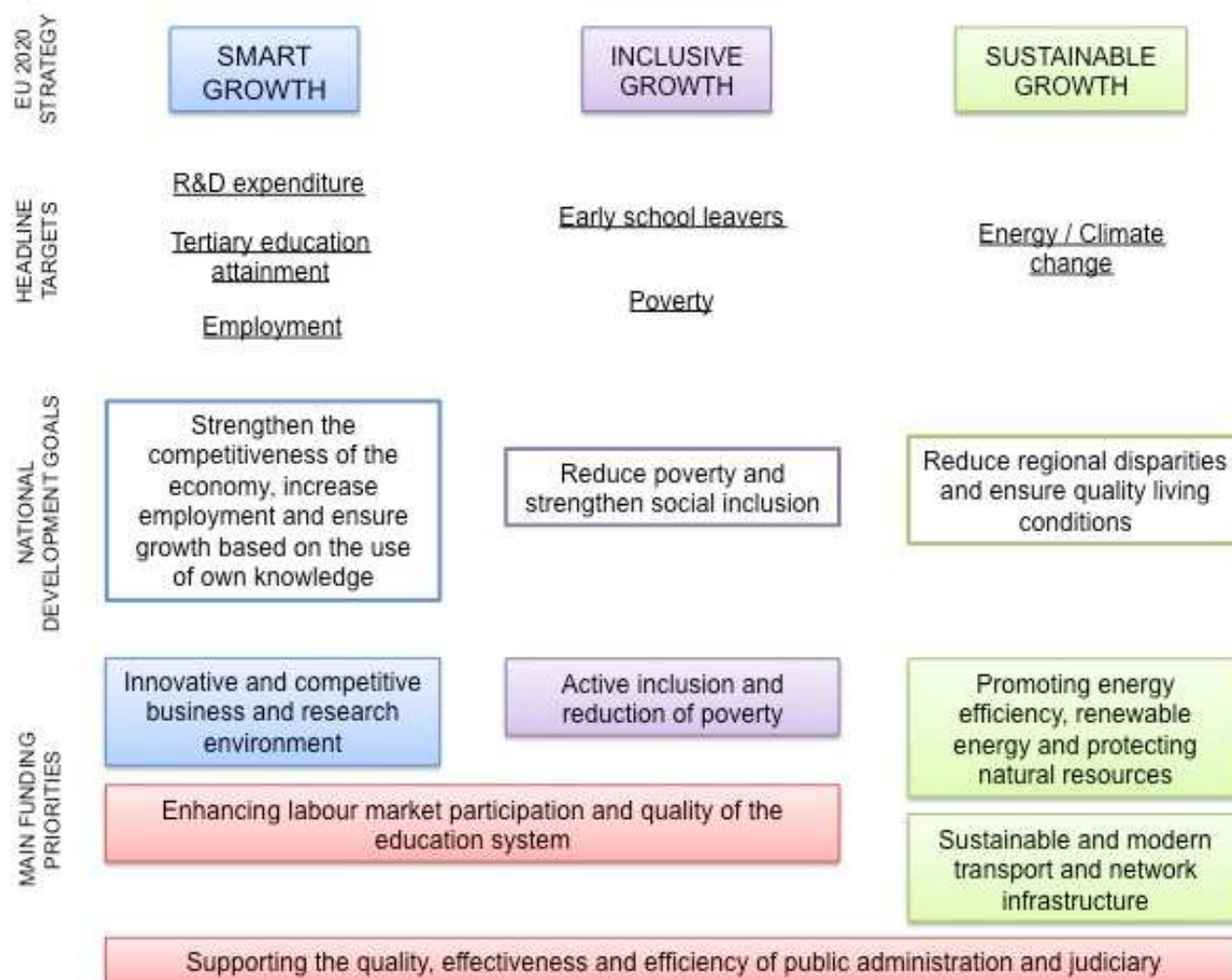
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TERRITORIALITY AND SUSTAINABLE URBAN DEVELOPMENT

Croatia's Operational Programme context 2014-2020

Workshop
May 2014

Europe 2020 Strategy, Croatia's national development goals and main funding priorities



Croatia's proposed Operational Programmes under Partnership Agreement 2014-2020

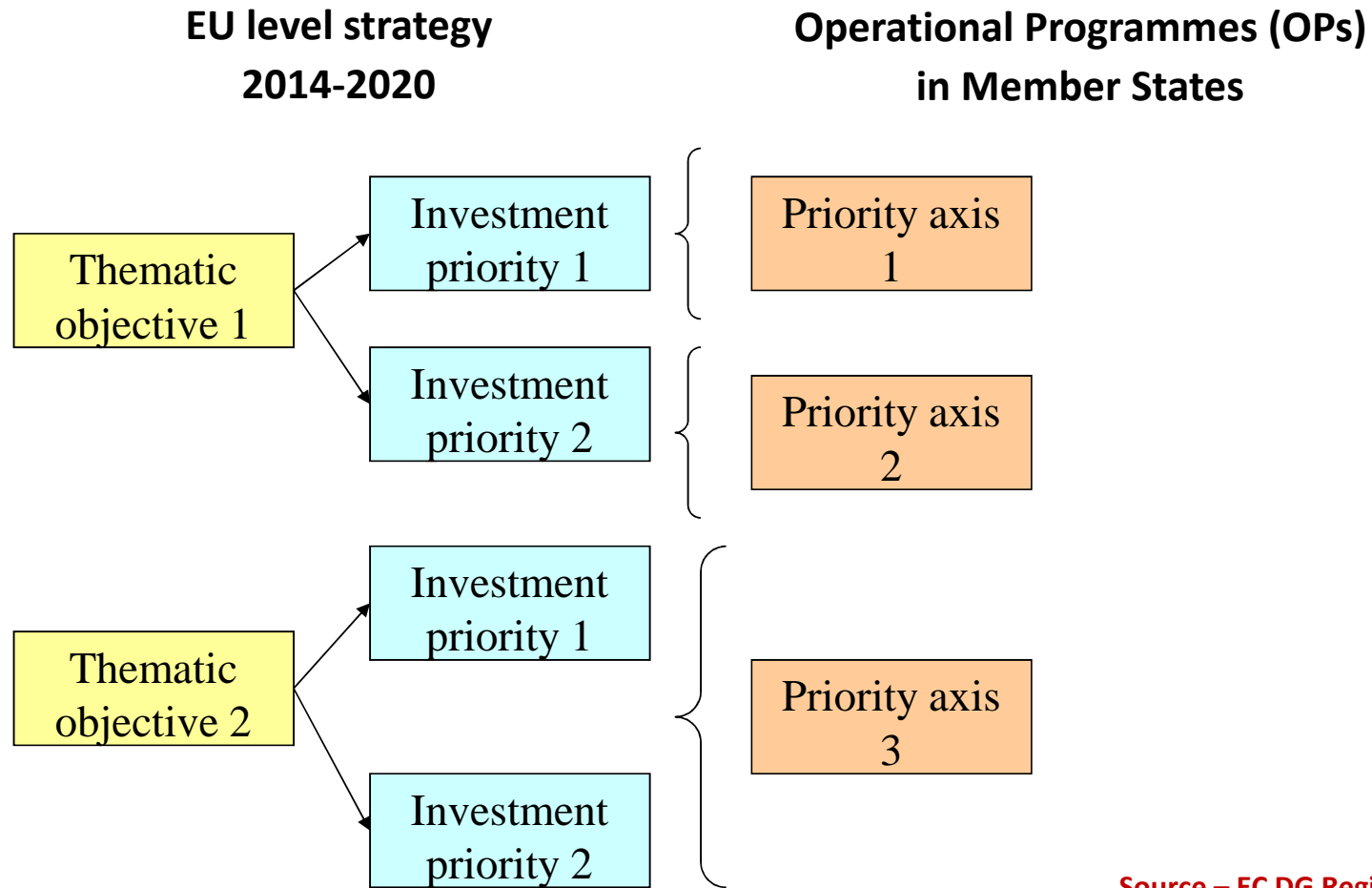
http://www.mrrfeu.hr/UserDocsImages/EU%20fondovi/PA_OFFICIAL%20PROPOSAL_CROATIA.doc

- **OP Competitiveness and Cohesion €6.9bn**
- ERDF €4.3bn / CF €2.6bn
- **OP Efficient Human Resources €1.6bn**
- ESF €1.5bn / YEI €0.07bn
- **Rural Development Programme €2.0bn**
- EAFRD
- **OP 'Fisheries'**
- EMFF – *p.m.*

Croatia total EU allocation = €10.5bn

Strategic linkages

Thematic Objectives – Investment Priorities – OP Priority Axes



Source – EC DG Regio

Croatia context

- Geographically diverse
- Four large cities - actual and potential growth poles
- Medium-sized towns
- Many small towns embedded in a rural background - more limited growth potential
- Wide variation in economic performance and living conditions
- Many "special area" designations - often overlapping



How to reconcile in an integrated territorial approach?

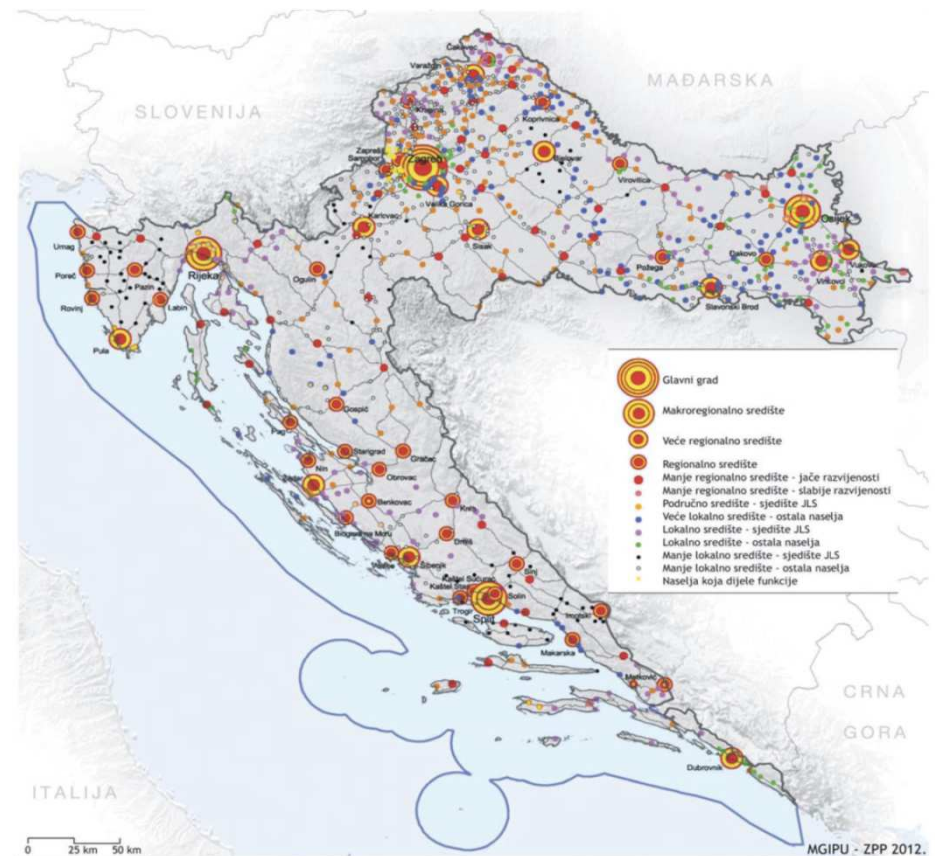
Possible target areas

High proportion of Croatian population in urban agglomerations

- Zagreb, Rijeka, Split, Osijek – plus functional areas
- cities/towns > 35,000 inhabitants
- towns 10,000 – 35,000 inhabitants??

Areas of special status:

- islands
- assisted areas
- socially deprived areas
- demographically challenged areas

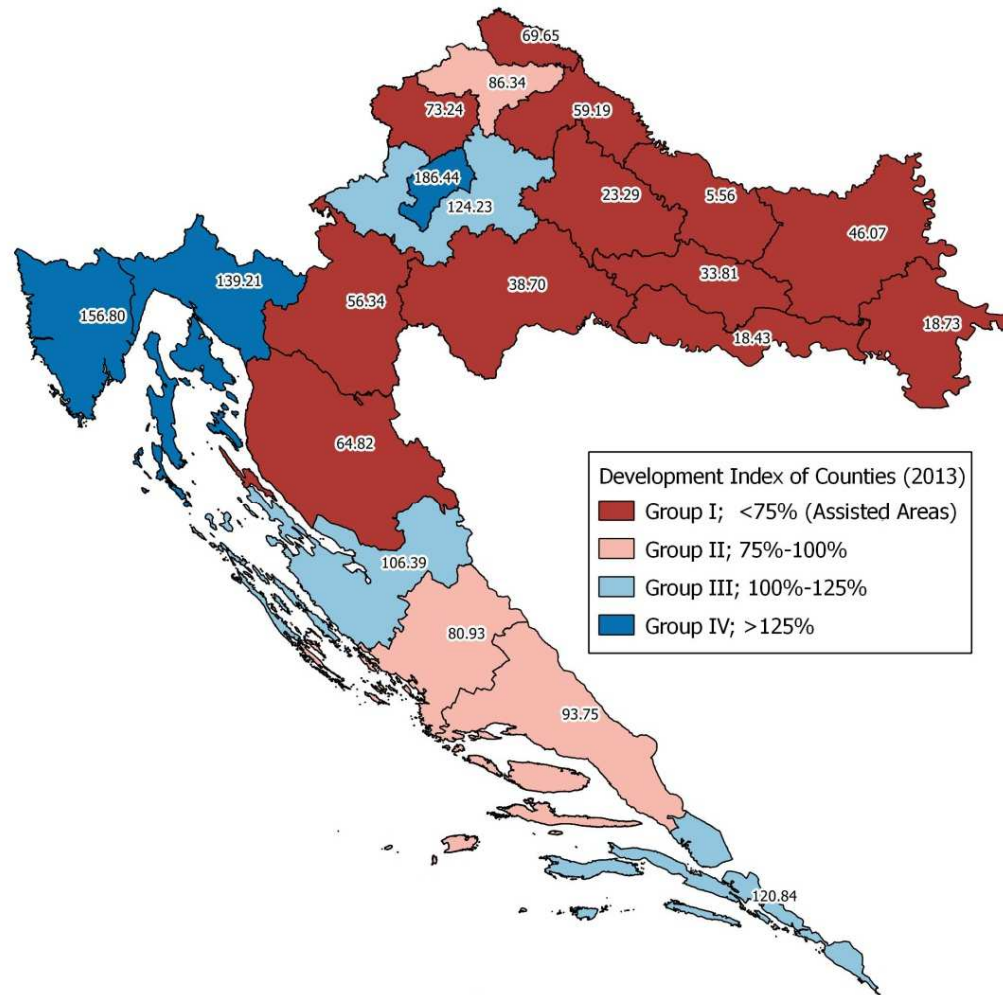


Guiding principles for 2014-2020

Programming and implementation systems

- Keep it simple - avoid pseudo-sophistication
- Encourage absorption
- Many area designations - but largely similar problems and similar solutions
- The cities are special – higher concentration of problems, greater capacity, more growth potential

Counties – development index and key data



Croatia's proposed 'horizontal' approach

For all of Croatia (except areas targeted for integrated interventions?)

- **Funding mainly allocated through national Calls for projects**
Possibility for area-specific Calls, but not necessarily
- **Extended eligible scope of Investment Priorities for areas of special status**
Possibly also extra 'points' in project selection systems
- **Modulation of the 'own' co-financing rate for Beneficiaries in less-favoured areas**
Based on Index of Development

In all cases, project proposals should be consistent with County Development Strategy

All investment in a sense is territorial and should be monitored for spatial distribution

Croatia's proposed approach to Sustainable Urban Development

- **Sustainable Urban Development Strategies for all towns > 35,000 population**
 - requirement of draft new Regional Development Law
 - urban strategies to guide project selection under 'horizontal' approach

- **Integrated interventions focused on the largest urban centres**
 - ring-fenced financial allocation for EU programming purposes
 - delivery through ITIs with local involvement in project selection

Croatia's proposals for ITIs

Progressive, clean, inclusive cities

1. Cities as drivers of sustainable and smart economic growth

- *TO1 – Research and innovation (ERDF)*
- *TO3 - SME competitiveness (ERDF)*
- *TO10 - Investing in skills, education and lifelong learning (ESF)*

2. Fighting climate change, promoting energy efficiency and a healthy environment

- *TO4 - Low-carbon economy in all sectors (ERDF)*
- *TO6 - Protecting environment and promoting sustainable resource use (ERDF)*

3. Fighting poverty, creation of productive employment and social integration

- *TO8 – Promoting employment and supporting labour mobility (ESF)*
- *TO9 - Promoting social inclusion and combating poverty (ERDF / ESF)*

Detail on Croatia's proposals for ITIs (1)

1. Cities as drivers of sustainable and smart economic growth

TO3 - SME competitiveness (ERDF)

- cities providing business support to existing and new enterprises
 - e.g. through development of business support institutions

TO1 – Research and innovation (ERDF)

- cities joining forces with existing research and innovation facilities and business sector
 - in developing innovative solutions for social challenges of special importance

TO10 - Investing in skills, education and lifelong learning (ESF)

- cities becoming active participants in design and implementation of training programmes
 - e.g. training related to efficient urban development and management for local civil servants

Detail on Croatia's proposals for ITIs (2)

2. Fighting climate change, promoting energy efficiency and a healthy environment

TO4 - Low-carbon economy in all sectors (ERDF)

- promotion of energy efficiency, energy savings and more intensive use of renewable energy sources
 - smaller investments designed by the cities to complement those envisaged on the national level
- small scale urban transport projects - especially related to low or zero carbon transport solutions
 - complementing transport infrastructures of national significance

TO6 - Protecting environment and promoting sustainable resource use (ERDF)

- protection and promotion of cultural heritage
- rehabilitation of environmentally degraded areas
- economic re-use of brownfield sites (industrial and military)
- protection of existing public green areas in cities, ¹³new greening of urban public space etc.

Detail on Croatia's proposals for ITIs (3)

3. Fighting poverty, creation of productive employment and social integration

TO8 – Promoting employment and supporting labour mobility (ESF)

- cities taking an active role in decreasing high youth unemployment through special measures linked specifically to local labour market needs
 - complementary to training and employment measures designed at national level

TO9 - Promoting social inclusion and combating poverty (ERDF / ESF)

- improving local capacity for provision of services under the responsibility of cities (such as care for elderly persons, homeless etc.), including:
 - (re)construction of facilities
 - development and implementation of new models of service provision (e.g. community-based services)

Croatia's proposed financial allocations for ITIs

All ITIs under Sustainable Urban Development taken together

Fund	The indicative allocation at national level to integrated actions for sustainable urban development (EUR)	Proportion of the total allocation to the Fund
ERDF	EUR 275,000,000	6.36%
ESF	EUR 42,000,000	2.77%

Performance Measurement Context for ITIs

Performance Measurement for ITI Investments

- The performance of investments supported under an ITI will need to be tracked in terms of financial and physical progress, both individually and collectively.
- Physical progress will be measured using a mix of “output” and “result” indicators.
- Progress towards specific objective(s) of the ITI will also need to be tracked.
- Investment under the ITI will need to contribute towards the lifetime and milestone targets specified in the OP Performance Framework.

Pointers from EC Guidance on ITIs

- the monitoring and reporting arrangements set up under an ITI must allow for reporting of monitoring data by OP, by Priority Axis **(and Investment Priority?)**
- audit trail must enable separate declaration of expenditure for each individual Priority Axis contributing to an ITI
- same principle applies to data related to indicators and targets included in the Performance Framework.

Targets for an ITI itself

...‘However, in order to be able to report on the effectiveness of the ITI itself it is important that one or more indicators used at the ITI level relate to the objective of the integrated territorial development strategy the ITI implements.’

OP Intervention Logic for 2014-2020

- **What do I want to change in the national or regional economy?**
 - Rationale based on the socio-economic analysis coupled with policy guidance
- **What data source provides a good representation?**
 - socio-economic data, administrative data
 - What is the baseline value?
- **What direction and much movement from the baseline value do I want to achieve?**
 - This is the new *RESULT* – and basis for specifying Investment Priority specific objectives
 - May be an absolute change, relative change or direction of change
- **What outputs will help to make progress towards the desired result?**

A completely new concept of 'result'

2007-13

Output:
Direct measure of what
spending resources buys

Result:
Observable change or
gain for recipient

Impact:
Net Change to
Economy

2014-20

Output:
As 2007-13

Result:
Movement in statistic
describing desired change

Impact:
Observed result
net of deadweight

An example from business support

2007-13

Output:
Number of energy
SMEs assisted

Result:
Change in sales in
recipient energy SMEs

Impact:
Change in GDP

2014-20

Output:
As 2007-13

Result:
Change in energy
sector sales

Impact:
Change in energy sector sales
attributed to intervention

Application of the Performance Framework

entirely new element for 2014-2020

ANNEX II CPR

Priority Axis	Indicator and measurement unit where appropriate	Milestone for 2018	Target for 2023

Art. 22 CPR

- Performance Reserve = 5%-7% of allocation to each Priority Axis

N.B. Importance of Annual Implementation Reports to be submitted in 2019

- Performance reserve allocated by Commission Decision to OPs/Priority Axes which have achieved their milestone values for 2018