European Network for Rural Development

Leader subcommittee Focus Group on

the Implementation of the bottom-up approach

Extended Report

December 2010

Connecting Rural Europe

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Introduction

This report presents the results of the work of Focus Group 1 "Implementation of the bottom-up approach under Leader Axis" established at the Leader Sub-Committee meeting of 25 November 2009. Preliminary results were presented to the Leader Sub-Committee at its meeting of 20 May 2010 and supplementary collection of information and analysis were subsequently carried out to the end of June 2010 and are included in this report. In its present form, the report is a working document for use by the Commission and the Coordination Committee and Leader Sub-Committee and their working groups (Focus Group 1 and Thematic Working Group 4). A new version of this report is planned to be made available for wider dissemination.

The three main objectives of the focus group were:

1. To establish an inventory of implementation models
2. To identify the main difficulties / obstacles in the implementation of Leader axis and good practice
3. To reflect on possible solutions, at different levels and for the short, middle and long term to improve Leader administrative implementation

In order to execute the objectives of the Focus group two main documents were established:

1. Fiche for Inventory of Leader Implementation Models including three general models
2. Questionnaire on the Implementation of the Leader approach which examined different aspects of its implementation procedures, such as the tasks of the responsible body under the RDP programme, the selection procedure for the LAGs, financial and administrative issues.

The report is based mainly on the answers received from the participants of the Focus Group; however some Members States who are not Focus group participants provided answers as well. In total we received replies from 27 MS covering 88 RDPs (including e.g. 14 German regions, 21 Italian regions, 17 Spanish regions and 4 British regions) for the Fiche for Inventory of Leader Implementation Models and 24 MS provided 43 completed questionnaires covering 66 RDPs. The answers included regions and some individual Local Action groups (please see details in Annex 3: "List of Fiches and Questionnaires received").

The structure of the report is mainly based on the structure of the questionnaire: typology of Leader implementation models, definition of the responsibilities and decision making, LAGs selection, management capacity of LAGs, project eligibility, financial issues. The last section focuses on the comparison with Leader+ programmes and Leader+ type measures.

1. A typology of Leader implementation models

There are three major Leader implementation models currently used by the Member States under the Leader axis:

- Decentralisation of project selection competence

- Decentralisation of project selection and payment competence

- Decentralisation of project approval (local global grant)

The first model is the most common used in the 19 Member States (41% of the RDPs[*]). The second model is used in 4 Member States (4,5 % of the RDPs) and the third model is applied in 12 Member States (54,5% of the RDPs) (See Annex 2: "Leader implementation models and level of delegation of tasks").

As a general remark it has to be mentioned that management tasks can be delegated to the LAGs partially or totally. When an administration delegates tasks, this means automatically that the administration applies a supervising system in order to assure that the delegated tasks are well implemented.

1.1 Decentralisation of project selection at LAG level

Definition:

This model can be considered as a "basic model" corresponding to the local competence minimum requirements. Other models have been developed on the initiative of MS.

The local action group has the practical responsibility to implement the local development strategy (Article 62.1 a). Most of the management tasks are carried out at local level. Managing Authority keeps its responsibility on the efficiency and correctness of management (Article 75.2). The group has no role for the formal project approval and payment of EAFRD towards the beneficiaries.

Under this model the local action group is responsible for generating, appraising and selecting projects (Article 64) but then submits them to the managing authority, or another implementing body(ies) sub delegated, for the formal project approval and subsequent authorisation of claims.

The following tasks are carried out by the local action groups:

1. Elaboration of calls including definition of local selection criteria
2. Publication of calls
3. Reception of applications
4. Project Assessment
5. Project ranking
6. Final list of selected projects proposed to the MA including fixing the amount of support
7. Monitoring the implementation of the strategy (including monitoring the realization of selected projects)
8. Evaluation of the strategy

The payment of the subsequent claims is made by the paying agency. On the exchange of financial information there are two variants derived from this first model:

- Variant A: The decision of payment is sent to the beneficiary and to the LAG.
- Variant B: The decision of payment is sent only to the beneficiary.

Variant A allows the LAG to monitor progress made in the execution of projects and implementation of the strategy. This is not the case for variant B.

An additional factor of model differentiation is the fact that Control tasks on projects can also be delegated to LAGs according to article 33 of Regulation (EC) n° 1975/2006 on control procedures.

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[*] Based on 86 RDPs considered in detail by the end of June 2010.

Application in the Member States

The model is used in AT, CZ, DE, DK, EE, ES (Galicia, Pais Vasco, Cataluña and Comunidad Valenciana), FI, IT (Bolzano, Umbria, Marche, Veneto,), LT, LV, NL, PL, RO, SE, SI, SK and UK (Northern Ireland).

In the regions Marche, Umbria and Veneto (Italy) there is a partial decentralisation of selection tasks; In the above mentioned Italian regions the paying agency or managing authority intervenes in the project ranking.

Advantages

- small administration burden(except DK where LAGs spend a lot of time on administration). The LAG can focus more on animation and development work
- less risk , especially if a project fails

Disadvantages

- LAG have less of a sense of ownership of their local development strategy
- Less control over project implementation if control tasks not delegated
- There is an additional administrative layer. It can take longer to assess and approve projects
- Selection competence (scope of intervention) can be limited by financial procedures (e.g. national co-funding restricting the scope) or by eligibility checks going beyond administrative and legal checks.

1.2 Decentralisation of project selection and payment to the beneficiaries

Definition

The payment task is added to the eight basic tasks carried out under the previous model. The LAG is responsible for selecting the project and receiving the payment claims and paying funds to the beneficiary[1]

A distinction has to be made between the authorisation of the payment and the transfer of money towards the beneficiary. Control tasks on projects can also be delegated to LAGs.

Application in the Member States

The model is used in BE Wallonia, LU and UK (Wales and England) where the payment to the beneficiary is made by the LAG.

In Wales LAGs can make payments to local beneficiaries and then submit a claim to the Welsh Assembly Government for reimbursement.

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[1] The payment task referred to under this implementation model is related to the EAFRD contribution. Payment of the national public co-funding can be also a task of the LAG in any of the three models. For instance in Finland under the first model the LAGs pay part of the public funding (20 % from the municipalities) to the final beneficiaries

Advantages

- The LAG have a greater visibility towards the beneficiaries
- It reduces time to pay claims

Disadvantages

- It can be difficult to find locally an organisation prepared to act as an accountable body with the capacity to put in place the necessary administration and accountability systems
- Greater degree of administration involving more staff
- There might be risks of liquidity problems. Does the group or the designated partner have the financial capacity to pay advances to final beneficiaries in case of investments, for example, through agreements with banks or through its own funds?
- Higher level of risk as the LAG is responsible for the disbursement and accountability of EU funds

1.3 Decentralisation of project approval

Definition

The local action group is responsible for appraising, selecting and approving formally the project and issuing the grant letter to the beneficiary. The key distinctive feature of this implementation model is that the legal commitment towards the beneficiaries is made by the LAG (issuing the grant letter).

There are two variants derived from this first model:

- Variant A: The payment to the beneficiary is made by the paying agency (with 2 options identified under the 1st model decision of payment sent or not to the LAG)
- Variant B: The payment to the beneficiary is made by the LAG

The local action group will need to be a legally accountable body or to designate among its member such a body who will have delegated responsibility from the MA.

Managing Authority keeps its responsibility on the efficiency and correctness of management. The local action group has to be considered as "another body" in the sense of Article 75.2 of Regulation (EC) n° 1698/2005.

Article 75.2

When a part of its tasks is delegated to another body, the Managing Authority shall retain full responsibility for the efficiency and correctness of management and implementation of those tasks.

Application in the Member States

- Variant A (without payment function):

The variant is applied in MT, PT, BG, BE (Flanders), IT (Abruzzo, Basilicata, Calabria, Emilia Romagna, Friuli Venezia Giulia, Lazio, Liguria, Piemonte, Puglia, Sardegna, Sicilia, Toscana, Trento, Campania, Lombardia, Molise, Valle d'Aosta).

In MT LAGs will inform MA about their decision and after verification the LAG can publicise the results and notify the beneficiary.

In BG after the PA conformity check, the LAG notifies all applicants of the results of the evaluation and signs the contracts with the successful applicants. LAGs submit one copy of the signed contracts to the Paying Agency.

A partial decentralisation of project approval has to be noted in FR where the grant contracts with the beneficiaries are co-signed by MA and LAG and in HU where the commitment is done by MA and the written decision to inform the beneficiary is made by the LAG. This written decision contains as well the amount of support.

- Variant B (with payment function):

The variant is applied EL, IE, ES (all regions except Galicia, Pais Vasco, Cataluna and Comunidad Valenciana), UK (Scotland).

In Greece for measure 41 the following successive steps are respected in the procedure in place: MA examines the eligibility aspect of the projects. The contract is signed between LAG and beneficiary; PA credits the LAG account with an advance payment; LAG makes administrative checks and pays the beneficiary; MA applies a supervising procedure; PA credits the LAG account with an interim payment. For measures 421 and 431 the MA makes administrative checks on payment claim & approves the payments.

In Ireland when sufficient expenditure has been incurred the LAG will claim the funding from the PA. It is at this stage that a risk assessment exercise is carried out for pre-payment checks. Once the claim is cleared the PA will make the payment to the LAG who will in turn make the payment to the project promoter.

In the above mentioned Spanish regions different financial circuits are used; LAGs are paying the beneficiaries and then PA is paying the LAGs (Castilla la Mancha) or PA is paying the LAG which then transfers the amount to the Beneficiary (Murcia)

Advantages

- The LAG have a greater visibility towards the beneficiaries
- The LAG partners have greater ownership of their strategy
- It allows more autonomy over what projects is finally approved and how to use the funds
- It is easier to maximise co-ordination between projects
- It reduces time to assess and approve projects
- Establishment of mature and reliable mechanism for decentralized implementation of integrated, multisectoral development programmes (sustainability).

Disadvantages

- It can be difficult to find locally an organisation prepared to act as an accountable body with the capacity to put in place the necessary administration and accountability systems
- Greater degree of administration involving more staff
- Higher level of risk as the LAG is responsible for the disbursement and accountability of EU funds

Indicative map of implementation models per Member State/Regions

■ First Model   ■ Second Model   ■ Third Model

2. Definition of responsibilities and decision making

2.1. Project development and selection tasks

This chapter applies mainly to projects under measure 41 implementing the local development strategy.

    i.   Project development tasks

Support to beneficiaries to develop projects and prepare applications

In majority of responses, 43 out of 66 replies (65%), the LAGs are responsible for this task. In Denmark, DE Hessen, DE Niedersachsen, Malta and Valencia Region programme authorities and/or regional or national networks are also assisting the beneficiaries in addition to the LAGs.

    ii.   Project management tasks

Elaboration of calls including definition of local project selection criteria

Most of the LAGs according to 49 of 66 the responses are using separate calls with submission deadlines. Some LAGs in 17 of the RDPs, (AT, DE, LU and IE, DK) are using permanent or continuous calls under which application can be submitted at any time during the period of strategy implementation.

This task is normally under the responsibility of LAGs.

There are certain programmes where the Managing Authority or other implementing bodies is intervening in addition to the LAG:

- Czech Rep, IT (Abbruzo, Emilia Romagna, Friuli Venezia Giulia, Liguria, Marche, Molise, Piemonte, Toscana, Trento, Val d'Aosta, Veneto), Malta and Portugal: calls elaborated by LAGs and approved by MA;
- In other programmes this task is under the responsibility of MA and/or PA: Hungary, IT (BolzanoCalabria, Sardegna, Sicilia, Umbria) and in case of 17 RDPs of ES, this task is under join responsibility of the LAGs and MA.
- IT (Bascilicata, Campania) The LAGs take calls and criteria developed by the MA, but may require additions or modifications of the criteria

These cases might represent an interference in the LAG basic competence to implement of local development strategy if the formal approval of calls is affecting the definition of objective project selection criteria.

Preparation of calls

In most programmes, as indicated in 73% of the 45 answers received, LAGs are preparing the calls. This is in some cases based on guidelines elaborated by the MA (e.g. Greece).

Not all MS are using periodic calls for projects; In Ireland this method of project selection is not very prevalent. LAGs accept project applications at all times (on going application) and subject them to an evaluation process on a regular basis. The process of project selection is often non-competitive.

In Sweden it is up to each LAG to decide whether to have ongoing application or more set dates for calls. There are no specific rules on how preparation of calls should be done!

Deciding local project selection criteria

LAGs are defining local project selection criteria at the stage of local development strategy implementation. In Poland and Latvia the project selection criteria are already included in the local development strategy. In Greece a basic set of project selection criteria is defined and approved by the Monitoring Committee. Individual LAGs are adding local criteria.

In Portugal LAGs propose the components and respective weighting of selection criteria and the MA approve them.

Publication of calls

LAGs publish calls in the majority of cases as in 48 of the 61 responses (79%), with the exception of Hungary where it is under the responsibility of MA.

In some programmes (PT, PL, SK, ES Castilla and Leon, ES Basque Country, ES Catalonia, ES Castilla la Mancha) the publication is a co-responsibility of both programme authorities and LAGs. In Portugal LAGs publish the calls in regional newspapers and on LAG internet sites. The MA publishes also the calls on its internet site. In Poland the situation is considered to be problematic since both LAG and Intermediate bodies publish the call (LAG in local papers) so to some extent IB responsibility is doubled by LAG. The reason for such solution is the fact that accreditation in Poland is covering the publication of calls.

Reception of applications

LAGs are generally receiving applications of beneficiaries, as evident in 86% of 65 responses received, in the case they are not themselves the beneficiary. In DE Sachsen-Anhalt the MA is receiving the applications. In UK Northern Ireland in each LAG area the grouping of local authorities ("the rural development joint council committee") distinct from the LAG is receiving the applications.

Project assessment

LAGs are performing the qualitative assessment of projects including the compliance with the local development strategy. In HU the PA is responsible where a LAG gives support to the beneficiary to develop the project and prepare the application

In some of the MS applying model 3 (decentralisation of project approval see part 1) LAG are also assessing the compliance with the administrative criteria and eligibility criteria (IE and IT Abruzzo, Basilicata, Calabria, Campania, Emilia Romagna, Friuli, Lazio, Liguria, Molise, Piemonte, Puglia, Sardegna, Sicilia, Toscana and Trento);

Project ranking

The following observations refer to models 1 and 2 (see part I) and not to model 3 where LAGs are formally approving the projects.

LAGs are performing the project ranking with the exception of Hungary and some Italian regions:

- In IT (Bolzano, Lombardia, Marche, Umbria, Veneto) the project ranking is made by the LAG, MA and PA.

Final list of selected projects proposed to the MA

LAGs are responsible with the exceptions of HU, CZ, SK, ES Canary Islands and ES Castilla la Mancha:

- In SK and IT (Veneto) the PA establishes the final list of selected projects proposed to the MA.

- In the ES Canary Islands and IT (Bolzano, Lombardia, Marche and Umbria) the MA is responsible for this task.

- In ES Cataluña, País Vasco, Valencia and Galicia the final list of selected projects is proposed to the Managing Authority, which implements also all the following tasks.

- In ES Castilla la Mancha: LAG and Directorate General for Rural Development are both responsible.

- In CZ the list proposed by the LAG has to contain the selected and not- selected projects, maximally two project of the not-selected ones could alternate for the selected ones in case that the selected project falls out.

Fixing the amount of support

Under the maximum amount fixed in the programmes LAGs normally fix the amount of support, as recorded in 61% of the 64 answers received. This allows LAGs to decide how to use the local development strategy budget allocation.

In the following cases the MA or PA is responsible for this task:

- In IT (Bolzano, Marche, Umbria and Valle d'Aosta) the MA is responsible for this task,

- In CZ and SE the LAG decision has to be approved by the PA,

- In PT the rate of support is fixed by ordinance for each kind of project. LAGs just calculate the amount based on the pre-defined rate.

- In SK, IT (Veneto) and DE (North Rhein Westfalen, Schleswig-Holstein, Sachsen-Anhalt) PA is responsible

- In UK Northern Ireland in each LAG area the grouping of local authorities ("the rural development joint council committee") together with the LAG is responsible

Control tasks

Control tasks can be delegated towards LAG according to article 33.1 of Reg.1975/2006. Four types of checks can be distinguished:

- Administrative checks on project applications,

- Administrative checks on payment claims,

- In situ checks on investments and

- On-the spot checks on sample basis

Article 33.1 has been implemented in the majority of programmes as indicated in 66% of 86 responses, with the exceptions of AT, BE (Wallonia), CY, CZ, DE, EEand IT (Lombardia).

Administrative checks on project applications have been delegated in several MS: BE (Flanders), BG, CZ, FI,HU and IT (All regions, except Bolzano, Lombardia, Campania, Valle d'Aosta and Veneto)

In case of FR administrative checks on project application have been partially delegated to the LAGs

Administrative checks on payment claims have been delegated in BE Flanders, CZ, ES, IE, IT (Abruzzo, Basilicata, Calabria, Emilia Romagna, Friuli Venezia Giulia, Lazio, Liguria, Marche, Piemonte, Puglia, Sardegna, Sicilia, Toscana and Trento), MT, LT, PT and UK (Scotland).

In case of FR administrative checks on payment claims have been partially delegated to the LAGs

In situ checks on investments have been delegated in BE Flanders, DK, ES, IE, HU, IT (Abruzzo, Basilicata, Calabria, Emilia Romagna, Friuli Venezia Giulia, Lazio, Liguria, Marche, Piemonte, Puglia, Sardegna, Sicilia, Toscana and Trento), MT and PT. In FR and UK (Scotland) there is a possibility to insert this delegation in the contract between programme authorities and LAG.

In CZ and SK LAG are not performing the checks but may participate.

On-the spot checks on sample basis have been delegated in BG, HU, LT, MT and IT (Abruzzo, Emilia Romagna, Liguria, Sardegna, Sicilia, Toscana).

In CZ LAG are not performing the checks but may participate. In UK (Scotland) there is a possibility to insert this delegation in the contract/service level agreement between PA and LAG.

Even if the control task is not delegated a good practice identifed (SK) is to inform the LAG about contract with applicants, about value of paid financial sources, about changes in contract and annexes, about in situ checks on investments and to offer the possibility to invite LAG staff at this type of checks (this latter action also applied in CZ).

Project execution monitoring

In most cases as in 83% out of 65 responses received, the LAG is responsible for (SK, PT) or participates to project execution monitoring in a shared management (BG, ES, IE, LV, MT, SI) since this is a necessary step for ensuring the monitoring of the local development strategy implementation.

In Greece and in some regions of IT (Bolzano, Lombardia, Umbria, Valle'Daosta) the LAG is responsible and MA monitors the LAGs according to a supervising system.

In BG LAGs will monitor the technical and financial management of the contracted projects on the basis of a review of the project documentation and visits to the project site. LAGs will submit an Annual Report on the implementation of the local development strategy to the Managing Authority. The Managing Authority will conduct regular monitoring visits to LAGs to assess progress in implementation of the strategy and compliance with the Contract for the Local Development Strategy Management. The MA shall develop an IT system for monitoring of the LDSs implementation.

In Ireland and IT (Molise and Veneto) responsibilities in this area are shared among the bodies involved in the RDP. LAGs are responsible for the collection of performance indicator data. PA is responsible for the collation of the data and onward dispatch to MA who are responsible for ultimately reporting the data to EC.

In Latvia LAGs monitor the financial and physical advancement of the projects, evaluates the results of project and local development strategy implementation in compliance with monitoring and evaluation procedures included in the respective local development strategy. The Rural Support Service monitors the financial spending under projects.

In SI LAGs are monitoring their project and must report to MA based on indicators, set by LAG / applicant for each project. Report is part of claim for payment

In PL Implementing body is responsible but beneficiary is obliged by contract to inform on request of LAG about effects of the project.

LAGs are not always involved in the production of monitoring indicators. In CZ the beneficiaries have to send monitoring indicators to PA

2.2 Is there an obligation for LAGs to monitor and evaluate local development strategies?

LAGs have to monitor annually and evaluate the implementation of local development strategy except in cases of EL and ES-Aragon. In DE- Schleswig-Holstein these tasks are only recommended.

The obligation is often included in the grant agreement between the MA/PA and LAGs. The monitoring and evaluation of local development strategies is integrated in the evaluation and monitoring of the programme except in IE, PT, SL and ES-Valencia;

In DE (North Rheinland-Westphalia) the establishment of a monitoring system (including impact and output indicators, the methodology used and timetable) was an obligation of the tendering for Leader.

Monitoring and evaluation tasks are supported under measure 431 (DE Rheinland-Pfalz)

LAGs can in most cases supplement the key indicators in the RDP with other indicators specific to their own area or special interest.

Specific guidelines on monitoring and/or self evaluation have been issued by the Managing Authority in CZ, MT, PL, ES Navarra, ES Castilla and Leon, ES Rioja, ES Cantabria and IT. In IT specific guidelines on monitoring and/or self evaluation have been issued by the NRN, Managing Authority and Regions.

In PL until now it is not obligatory to use the guidelines. A new obligation to introduce in LDS monitoring system (including monitoring questionnaires and monitoring reports for implementing body) is going to be included into the contract with the LAG. There will be also an evaluation done by independent experts of all LDS in terms of indicators proposed in LDS to verify if they need any corrections.

Monitoring

In BG LAGs will submit an Annual Report on the implementation of the local development strategy to the Managing Authority. The Annual Report will describe progress in contracting and implementation of the supported projects. The Managing Authority approves LAGs Annual Reports. The Managing Authority will conduct regular monitoring visits to LAGs to assess progress in implementation of the strategy and compliance with the Contract for the Local Development Strategy Management.

For the new measures LAGs shall propose their own indicators (outcome and results). LAGs shall identify the information sources per indicator and shall develop a procedure for monitoring of the LDS implementation. LAGs might envisage external evaluation/s and external audit to be conducted during and/or at the end of the strategy implementation.

In CZ the set of obligatory indicators is monitored annually against the values planed by LAG. The set contains the number of development studies, the actions aimed to distribution the information on the region and the local development strategy, educational actions, promotional actions. The optional

indicators were defined by each LAG, without specific guidelines, and the scale is very large and various.

In FI the LAG monitoring includes monitoring and evaluation of the projects. Especially when the LAG receives the payment request from the beneficiary and gives an opinion on the progress of the project to the regional authority In LV LAGs have described procedures for monitoring and evaluation and determined impact and output indicators in their local development strategies. Once a year LAGs submit to the PA an overview on the implementation of the strategy. Besides in the end of each month, the LAGs submit to the PA reports received from the beneficiaries on the results of the implementation of the projects and reports on the beneficiary's economic performance.

In HU LAGs has the possibility to review regularly and modify their LDS.

In IE all LAGS are required to collect performance indicator data from each of their funded projects. The Department is currently looking at establishing a more holistic approach to data collection particularly in the context of collection of qualitative data. This is being done in conjunction with the Irish Rural Network and the Local Action Groups.

In ES-Castilla y Leon LAGs must prepare an annual report, following a model established to that end, in the Manual of Procedures of the Payment Authority.

In ES-La Rioja a manual of procedures includes checklists to be made on projects and an IT application is used to obtain lists of indicators at project level.

Evaluation

In PL evaluation of all LAG is planned in 2011. The best will receive additional financial support.

In FI and MT each LAG shall co-operate with and contribute to the on-going and final evaluation of the Programme.In France there is no obligation to evaluate the local development strategy

2.3 Conclusions

From the analysis above it appears that a clear division of implementation tasks is not present in all cases. There is a need in some programmes to define more clearly division of labour when implementing the programme which involves outlining the responsibility of MA, PA and LAG in detail.

The majority of LAGs execute the bulk of strategy implementing responsibilities but in a large number of cases there are varying degrees of involvement by the programme authorities. Such overlapping tasks between LAGs, MA and PA in several MS, reflect differences in administrative rules, know-how and experience, and in some cases a deficit in trust between actors, and are seen as constraining the smooth and genuine Leader-type implementation of the programmes.

Only if major tasks in all stages of LEADER implementation are attributed to LAGs, it can be anticipated that, in the long term, LAGs can become reliable local development structures capable of conveying RD policies to rural Europe in the form of local development strategies. The role of MA should be more focussed on tasks that aim to facilitate the work of LAG's at local level, by providing the necessary implementation framework for LAGs and a supervising system for being able to monitor the implementation at the local level. In the same way PA should be focussed on control tasks in order to ensure that eligibility rules are respected while public money is spent.

3. Collaboration between implementing bodies

Collaboration takes place generally through a common IT project management system. Existing IT systems are in place or will be in: Bulgaria, DE (Hessen and Baden Württemberg), France, Greece, Ireland, IT and Portugal. In FI the IT system is reserved for the authorities.

In most cases regular meetings are organized, as recorded in 71% of 58 answers to this question. In BE-Flanders the MA, LAG coordinators and Flemish Rural Network meet every month for exchanging information. In IT the National Rural Network has also opened a number of activities (focus groups, meetings, seminars) creating opportunities for meeting and interaction between the Managing Authority in an attempt to highlight and discuss critical issues and find common solutions.

Difficulties and fluidity in the information exchanged between the different management authorities are not reported with the exception of ES Canary Isles (no adequate coordination and the information is not being received as desirable regarding Axis 4 (LEADER)) and ES Murcia (there are difficulties since the Management Services are part of the Payment Authority and the Management Authority simultaneously.) Difficulties and insufficient fluidity in the information exchanged between MA and CE have been reported in some Italian Regions.

Good practices

Close cooperation and improved flows of information ("acting in partnership") between MA, PA and LAGs is essential. A good practice is to appoint one of the MA experts as a contact person for each of the LAGs and to hold regular meetings between the programme authorities and LAG managers. In this respect the creation of informal LAG networks can make a significant contribution.

A good practice to ensure the monitoring of the local development strategy is to inform the LAG about the grant contract signed with the applicants, the value of paid financial sources, any changes in contract and annexes.

Regarding the control task, even if it is not delegated, a good practice is to inform the LAG about the control results and to offer the possibility of inviting LAG staff at the *in situ* checks.

4. LAGs selection

4.1 Selection procedure

The following elements were part of the selection procedure

- detailed description of the structure and data required for the local development strategy;
- specific and objective LAGs selection criteria (excepted Latvia, IT Toscana)
- any appeal procedure foreseen against the selection results (excepted Slovenia and DK
- implementation guidelines
- description of management tasks and responsibilities and obligations for LAGs;
- responsibilities and obligations for final beneficiaries in project realisation and payment rules (except Denmark, DE Bayern, Greece, Portugal and Spanish Regions)

4.2 Characteristics of the selected LAGs

In most cases, as responded in 87% out of 63 answers, LAG have their own legal personality, usually as associations or non profit organisations. LAG without legal entity are to be found in Belgium – Flanders (several LAGs) , DE Rheinland-Pfalz (most of the LAGs), DE-Sachsen-Anhalt, Netherlands (all LAGs except one) Portugal (14 LAGs out of 47 LAG), France, Slovenia (50% of the LAGs) and UK– Scotland. LAGs without legal entity are using a supporting public structure. In France the President of the supporting structure for the LAG without legal personality is legally responsible.

Many LAGs are experienced having operated in previous programming periods or have been supported under capacity building activity to acquire it. The percentage of LAGs operating already under the previous programming periods varies from:

- almost 100% (Finland, Greece, Ireland, Portugal, ES Navarre, ES Basque Country, ES Balearic Isles, ES Cantabria, ES Murcia, ES Valencia)

- 40% to 75% (France, Latvia, Poland, DE (Hessen, Bayern, Baden Württemberg, Niedersachsen, Nordrhein-Westfalen, Rheinland-Pfalz, Saarland, Sachsen-Anhalt) ES Aragon, ES Canary Isles, ES Madrid ES La Rioja, ES Castla la Mancha and IT)

- 0% to 25%. (Czech R., Denmark, DE Schleswig-Holstein, ES Catalonia, Slovakia, Slovenia, Sweden)

Most of the LAGs according to 55 positive answers in 64 responses (86%) in all countries, deliver other EU or national programmes or funds, other than the RDP do or are encouraged to do so with the exceptions of BE Flanders, DE Baden Wurttemberg, DE Niedersachsen, DE Nordrhein Westfalen, DE Saarland, Poland, Slovakia, ES Valencia.

5. Administrative capacity of local action groups

5.1 Size of LAG staff

The size of the LAG staff depends on the amount of administrative tasks, area and/or population covered or budget of LAG. Two major categories can be identified:

- 1-1,5 to 2 staff in AT, BE-Flanders, CZ, DE, DK, FI, FR, LV, MT, SI, SE and UK- Scotland.

- 3 or more in EL, HU, IE, PT, SK, IT and most of ES regions where most of the administrative tasks are delegated

In PL, LT both cases are applicable.

In DK most LAG's have a coordinator working for them part-time. The larger LAG's with the largest budgets have a coordinator working full-time. The functions vary a lot, but all coordinators are responsible for the administration tasks.

In FI LAG staff comprises LAG managers, project advisors and activators. LAG managers is developing project ideas, advising project applicants and project promoters, gives out information, supervises the realization of the strategy, acts as a secretary of board meetings, and is carrying out financial, reporting and administrative tasks. Duties of the project advisor/activator include advising project applicants and promoters and office secretarial duties.

In FR the minimum is 1,5 working unit; at least 0,5 for administrative tasks and 1 for animation tasks.

In MT one full time manager will be recruited together with a part time secretary.

In SK 3 persons are employed – a manager, an administrator and an accountant.

In LV LAGs employ on average 2 people – one administrative manager and one financial manager. Most of LAGs have service contracts with staff without fixed working hours.

Administrative Manager - to organize and carry out work related to the implementation of the development strategy (preparation of contracts and other related documents, preparation of reports, preparation of publications, provision of advice to potential project applicants and beneficiaries about the implementation of projects, organisation of seminars, communication with the PA, the MA, the Latvian Rural network, the Latvian Rural Forum (LAGs network), other LAGs, decision making body of LAG, participation in information seminars about actualities in the implementation of Leader approach.

Finance Manager - the accounting records and preparation of reports, provision of advice to potential applicants about project accounting issues, participation in information seminars.

In EL it is estimated that there will be 1 coordinator and 3-4 persons per LAG. The main tasks are coordination & management of the local strategy, information – publicity, project assessment, project monitoring, administrative checks, payment of claims and to provide all relevant information about the projects to the IT system for RDP.

In HU the average number of permanent staff in the working organizations is 6-7 persons.

The main functions are:

- Administrator: receiving/recording applications, basic eligibility evaluation, eligibility evaluation (rejection), on-the-spot control, scores

- Senior role: rejection or approval, sample evaluation, preliminary ranking of applications, proposal on final ranking of applications, final resolution based on LAG approval of ranking proposal.

In IE LAGs vary in size and can have between 3-5 Management and administration staff with 1-3 project officers. As many also manage other national programmes they can also have other staff.

In ES – Aragon a LAG usually operates adequately with a manager, two technicians and an administrative worker. Most of them have 4 or 5 people.

In SE it varies a lot between the LAGs depending upon their budget. All LAGs have a manager, most of them also an administrative staff. The LAGs with the largest budgets can also have an economist and perhaps someone working more closely with the projects

Observations:

A significant number of LAGs, in 34 replies out of 62 examined have a very small staff and many face difficulties in performing the multiple tasks required of them, especially if they have responsibility for control tasks. Larger LAGs tend to be found under Model 3 and have a greater range of responsibilities.

The prevalence of small LAG teams is a matter requiring further consideration as inadequately equipped LAGs may undermine the viability of Leader. LAGs are meant to be local structures with the capacity to perform the tasks required for the implementation of their local development strategy, including animation, administration, assessment and, even, control. This requires for a critical mass in the staff complement of the LAG (full-time and/or part-time) and a separation of functions.

5.2 Training

Training actions for the LAG staff have been organised by the MA or NRNs in most programmes as indicated by the 58 possitive responses out of 65 replies (88%) with the exceptions of EL, ES Canary Isles, ES Navarre, ES Balearic Isles, ES Rioja, NL, DE Saarland and DE Schleswig Holstein where experienced LAGs (active under Leader+ and/or Leader II) were selected.

Topics covered relate to: IT tools, project management (including documentation financial conditions, eligibility, control) monitoring, negotiations, human capital building, RDP procedures, gender equity, anti corruptive measures (conflict of interest rules), public procurement, transnational cooperation, LAG operation, measuring performance, animation task, quality of the LAG work, the development process of the Leader method: "A return to a Genuine LEADER approach, management skills, project development , fundraising to secure LAG financial balance, innovation, LAG legal structure.

In BG training for local leaders and potential LAGs personnel are organised by LAGs under a preparatory measure;

5.3 Supporting documents

Supporting documents have been produced by the Managing Authorities or Paying agencies to assist the LAGs in their administrative tasks in several programmes as indicated in 61 cases out of 66 replies examined. They correspond to procedure manuals (incl. LAG internal procedures), implementing rules, templates for contracts with beneficiaries, application forms, guidelines on LAG action plan reports, guidelines on state aid rules, Guidance on preparation of claim for payment, guidance on transnational cooperation etc…

5.4 Conclusions

There is extensive activity in training and other forms of support, especially manuals and guides. However, many of these activities appear to be ad hoc responses to needs as they arise, rather than a strategy for capacity building and for ensuring that sufficient capacity is maintained in the LAGs for the performance of their tasks. Such a strategic approach should be pursued by MAs in cooperation with LAGs, with the aim of building up the LAGs to development structures capable of responding to local needs and meet efficiently the challenges facing the rural areas.

6. LAG decision making rules

In many MS, according to 39 responses counting 65% of total replies, internal procedures on decision transparency, avoiding conflict of interest or appeal have to be set by LAGs e.g.:

- In FR the template for LAG internal rules provides that rules to avoid conflict of Interest should be described; a LAG member who is also beneficiary should not take part in vote or discussions linked to its project;
- In SI procedures and criteria had to be described in "LAG ID", an obligatory document part of LAGs selection application. Some rules are defined at national level: LAGs publish "call for projects" once a year, where clear criteria for approval are set. Evaluation is made by the decision body, where members must be excluded in case of conflict of interest. Decisions taken are published. All applicants are also informed about decision taken. In case of complaint the "supervision body" must decide if the complaint is justified or not.
- In ES-Castilla y Leon the General Office of Rural Infrastructure and Diversification has approved the groups' Internal Management Procedures.
- In ES-Cantabria the Management Procedures of the LAGs, approved by the Regional Ministry, describe the procedure to be followed. Procedures are published on LAGs' web pages and are available to the promoters at the LAGs' headquarters. Some LAG rules contain the promoter's right to defend their project before the Governing Board or the needs for approval by the General Assembly when a certain amount is exceeded, etc. Order GAN/36/2007 includes the promoters' right to submit an appeal to the Regional Ministry for Rural Development against decisions taken by the LAGs and which affect them, prior to signing of the contract. Two appeals have been submitted to date.

In other MS more unified rules are applied, such as:

In IE implementing rules of the RDP 2007-2013 address all of the above LAG internal rules in detail ("Governance Guidelines of the LAGs and Operating Rules");

In LV internal procedures for the prevention of conflicts of interest are defined in the local development strategy by LAG but requirements defined at national level; Representatives of LAG decision making body have to declare an organization or other interests they represent, which could affect their impartiality in decision-making. If a conflict of interest exists, a statement is signed by a representative and this representative does not take part in decision making process of the corresponding project. Transparency rules are also laid down at national level by the Regulations issued by Cabinet of Ministers: Information is posted on the PA website of the PA and on the LAG website if LAG has one. For example, list of project applications arranged by number of acquired points after evaluation of project compliance with the local development strategy. The project applicant can get acquainted with assessment made by LAG. Currently it is discussed to provide transparency of the expenditure of LAGs running, acquiring skills and animating the territory by posting this information on the website.

In EL the following rules are considered being good practices:

- the composition of the Assessment Committee is different from the one of the Appeal Committee;
- the stakeholders of the LAG can be beneficiaries and implement projects of the local strategy up to 30% of the public expenditure of measure 41;
- project approvals are published via internet at all stages of evaluation process;
- the LAG staff cannot be a beneficiary under the local strategy.

In PL each LAG had to introduce both appeal and conflict of interest procedures. Decision making body members have to sign declaration on lack of conflict of interest, including the situations when they are applicants, an applicant is their relative or employer or if they were involved in the process of project preparation. LAG are obliged in the regulation to publish their local development strategy, list of approved projects and yearly budget for LAG running, animation and acquisition of skills.

In PT rules of public service apply such as the principle of segregation of functions within the LAG, beneficiaries information rights and conflict of interests rules.

In ES-Navarra there is a framework manual of procedures for the management of the decisions of the LEADER axis approved through Decision 669/2008, of 5 August, of the General Director of Rural Development.

In ES-Castilla la Mancha an appeal may be filed with the Regional Ministry for Agriculture and Rural Development against the LAG's Decision to approve or reject investment projects submitted by a final recipient. This appeal must be filed within a deadline of one month from the date following the date of notification thereof, without prejudice to any other action legally admissible.

In SE a LAG member has to report in advance at the meeting that he or she has a conflict of interest. At the time when the LAG is to discuss the application in question he or she leaves the room to come back after the application has been discussed and decided upon.

According to Swedish law all public documents (involving public money) are accessible for the public. Appeal is not possible in Leader

50-50 rule for the public-private partnership

Various steps are taken to ensure adherence to the 50-50 rule for the public-private partnership, e.g.:

In FI the principle of tripartite partnership with the involvement of individual citizens is used at the board of the local action group. This means that the board should have a balanced representation of the following parties:

  - local public administration

  - communities (organisations, associations and large enterprises)

  - rural residents

In FR LAGs apply the double quorum rules for meetings where decision is taken on project application; at least 50 % of the members should be present with at least of 50 % of present members from the private sector). If the condition is not filled the meeting is postponed.

In PL and in IT the 50-50 rules have to be ensured in case of membership in decision making body. There are no obligations to respect this rule while voting;

In PT the Management team is checking the 50-50 rule in the attendance to meetings.

Conclusions:

Extensive but varied rules are in place concerning decision making, and various other operational and financial aspects, including several examples of good practice on appeal systems and avoidance of conflicts of interest. Such good practice would be of relevance in the cases that transparency rules are incomplete. Application of transparency rules in the management system is also crucial as it is closely connected with the "image of the LAG" at local level, a factor that should not be underestimated in effective LEADER implementation.

7. Project eligibility

7.1 Eligible operations outside the scope of measures

Operations outside the scope of rural development measures (Article 64) as defined by Council regulation n °1698/2005 or outside the scope of programmed measures in Axes 1 to 3 are eligible in BG,_DE (Bayern, Baden Wurtemberg, North Rhein-Westfalen, Rheinland Pfalz, Schleswig-Holstein, Saarland), LV, MT, PL and SI but very few projects are already approved. In IT it is possible to support operations not covered by Regulation 1698/05 in the following cases: Abruzzo, Basilicata, Campania, Emilia Romagna, Friuli Venezia Giulia, Liguria, Marche, Molise, Sardegna, Sicilia, Toscana and Trento.

In SI (e.g. cultural events, promotion of local products, support for marketing of local products) such operations have already been approved;

In LV only investment costs and small infrastructure are eligible.

In CZ, DE (in 7 Landers) DK, FI, EL, IE, LT, PT, ES, and SE eligible operations are limited to the rural development measures as defined by Council regulation n °1698/2005.

7.2 Complex Project eligible under several measures

LAG can select complex projects consisting of a group of operations combining several RD measures in BE-Flanders (tourism and heritage), CZ, DE (Baden Würtemberg, Bayern, Nord Rhein- Westfalen, Rheinland Pfalz, Saarland, Schleswig-Holstein), DK, FR, EL, SI , ES (Aragon ,Madrid, La Rioja, Cantabria, Catalunia, Valencia) and SE.

In practice the funding of complex projects is subject to practical constraints, e.g.:

- In CZ LAG can choose one main measure and maximally two adjacent measures to its project fiche in order to combine the eligible activities and costs from these measures (more than 50% must come from the main measure). Most LAGs have chosen the easier way of "single-measure Fiches" and most complex projects use the activities and costs from the main measure in the combined Fiches.
- In DE-Sachsen–Anhalt it is possible for Lags to select complex projects but they have to be divided into several parts corresponding to the relevant measures. Each part is approved, funded and checked separately.

- In FR it is possible to support such complex projects but difficult to implement (the IT tool does not take into account such projects) and seems problematic in term of integrated approach and innovation which are part of the added value of Leader axis.
- In IE the LAGS do select projects which contain a variety of parts fundable under different measures, however the different measures all fall under Axis 3. There is not a system in place at the moment which allows complex projects combining measures under Axis 3 and Axes 1 and 2.
- In UK – Scotland given the level of the budget it is not always possible to support large complex projects. Leader does the preparatory work for such projects.
- In DE (North Rhine- Westphalia, Schleswig-Holstein) eligibility of complex projects is possible and based on a state level funding guideline for integrated rural development measures which includes also Leader. This is considered to be a good practice.
- In IT: Piemonte ("chain project" based on the extent 312 (primary measure) and other complementary measures that LAGs may choose coherently with the LDPs topic); Calabria (Integrated projects are planned for the development of local food products which may include steps 111, 115, 123, 124 and 133. The Gal promote the formation of partnerships Chain, responsible for the design of integrated project); Liguria (integrated projects which may include all the measures in the LDP. Integrated projects may also include operations funded by other programs). The Lags may choose the measures coherently with the LDPs topic.

7.3 Specific Leader project eligibility rules

Specific eligibility rules have been established mostly for small-scale projects and coordination projects.

In SE "umbrella projects" are supported only under Leader axis where small-scale projects within specific targets such as for example youth projects can be conducted.

In PL "small scale projects" not eligible under an axis 3 measure are eligible with a wide scope of aid (trainings, small tourism infrastructure, museums, day rooms, local products, preservation of local heritage) and wide coverage of beneficiaries (natural and legal persons). Application rules are similar to those applied for axis 3 measures and documentation requirements depends on the nature of project (investment or not). The maximum amount of public support is € 5000 and the maximum project total cost € 25 000. The period of project implementation is up to 2 years.

In LV there are two activities eligible under the measure 413:

- purchase of equipment and development of a small-scale infrastructure for better availability and quality of services;

- purchase of equipment and development of a small-scale infrastructure for diversification of public activities (incl. training and interest clubs, cultural, environmental protection, sports, and leisure activities).

Within the framework of these activities the amount of eligible expenditure per supported project shall not exceed € 28 458. Support intensity is set for each beneficiary individually. Beneficiary Support intensity is:

- up to 90% for Associations and foundations

- up to 75% for Municipalities

- up to 50% for Natural persons and legal entities

In FI coordination projects are eligible under Leader: the LAG collects small scale "projects" together. Maximum amount of public support is € 150 000.

In LT small scale projects and multiple partners projects have been defined with the RD measures.

In UK Scotland funding schemes can be developed through third party organisations; Small grant schemes are operated by some LAGs.

In DE Rheinland Pfalz specific complementary Leader rules have been established under the programme.

In DE Schleswig-Holstein guidelines were defined for innovative measures including Leader. In addition a specific action for lighthouse projects ("Leuchtturmprojekte3) with selection criteria defined by LAG has been implemented.

7.4 Conclusions

Few programmes have taken the opportunity afforded by Council regulation n °1698/2005 to allow operations outside the scope of rural development measures defined by this regulation or outside the programmed measures in Axes 1 to 3. This is proving a limiting factor in applying the Leader approach and maintaining innovation, intangible effects, and projects "adjusted to local conditions and needs".

Regarding complex projects, measure-by-measure is the predominant or exclusive approach in implementation creating serious constraints on operations combining several measures.

A solution is to establish specific eligibility and procedural rules under the RD programmes (Axis 4) to implement the Leader principles, in particular for small-scale projects, innovative projects, or integrated/complex projects.

There are for instance examples of good practice with programmes introducing an integrated approach and, inter alia, using a single project application form and approval procedure.

Separate rules for small projects have been adopted by a few programmes. This is regarded as a good practice that other programmes could also adopt although their implementation is not necessarily linked with less bureaucracy and simplified rules.

8. Financial issues

8.1 National public co-funding

There is an obvious advantage for beneficiaries to obtain National public co-funding simultaneously with the EAFRD support. This is the case in BE Flanders, DE (Bayern, Baden Würtemberg, Rheinland Pfalz, Saarland, Sachsen-Anhalt), EL, FI, HU, ES, IE, PL, PT, LV, SK, SI and SE. In SI where it is simultaneously obtained beneficiary is informed that EAFRD support represents 80% and national funding 20%, but payment is not separated. MA however makes separated financial orders.

National public co-funding is obtained by the beneficiary separately in CZ (one request form, separate payments), DE (in most cases), -and UK -Scotland. For instance in UK-Scotland EAFRD funding is the

last brick in the wall and requires all match funding to be in place prior to approval. Evidence of match funding must be provided prior to the issue of the final approval letter offering EAFRD grant. Examples of this are committee minutes, budgets, offers of grant from funders, bank statements, etc. An indication of potential EAFRD grant may be issued prior to this to encourage and secure match funding however all funding must be in place before the EAFRD grant is approved. If match funding has not been finalised approval can be given subject to confirmation but no work can be started until the LAG is satisfied that all funding is in place. The match funding has to be confirmed in writing form the funder, prior to the first claim.

Both procedures are used in DK and FR. In DK when the co-funding is provided by the MA, it is obtained simultaneously. When the co-funding is provided by the local public authorities it is obtained separately. In FR in most cases it is separated since there is no single national fund. Simultaneous co-funding appears very complicated because of the high number of possible co-financers.

LAG play a role in obtaining or granting the national public co-funding or part of it in DE-Sachsen Anhalt (if Land co-funding is not sufficient for private projects), DK, FI (they obtain the public funding from the municipalities, FR (in some regions, a specific fund was set up in order to provide national funding through the LAG (good practice), SL (LAGs have to obtain co-funding sources other than national funds), ES Castilla and Leon, ES Cantabria (the Scheme is 10% co-funded by the Local Authorities that form part of the LAG.) and in SE (LAGs have to obtain 50% of the national funding).

Bringing the national co-funding is considered as one of the main issues DE (North Rhine-Westphalia). The situation is different in other German regions; for instance in DE Rheinland Pfalz where MA and LAG are assisting project promoters in obtaining the national co-funding or in Bayern where there is a single application to obtain EU and national funds.

A distinction has to be made between private beneficiaries and public beneficiaries as regard their own resources. In DE and FR the own resources of public local beneficiaries are considered as national co-funding.

Conclusions:

It has been noted that securing public co-funding is problematic in some MS. Practical solutions to current difficulties could include the following:

- To establish a national/regional and/or local funds to ensure that beneficiaries obtain public co-funding simultaneously with the EAFRD support
- Leader projects could be also co-financed by private funding without national public co-funding in a context of a financial crisis where national co-funders can only support the implementation of their statutory tasks (DE).
- to calculate the level of EU support in relation to total costs (DE- Rheinland Pflaz).
- use a joint application form for EU and national co-funding.

8.2 LAG running cost

Most commonly reported problems are the allowed ceiling , (DK, EL, PT, SI), and eligibility rules (FR-structure costs and no lump sum support, LV - limit for salary, PT, DE and SI- non eligibility of VAT, DE-Schleswig-Holstein non eligibility of costs related to voluntary working groups) and cost of bank guarantee for advance payment (PL, BG, SK and SI).

For example LAG Achaia (GR) reports:

- The ceiling for the Administration and Operating Costs (20%) is very low and proved problematic for covering all the necessary implementation tasks.

- Payments for the LAGs' costs must be accompanied with various analytical accounting documents;

- Eligibility of expenses (very strict list of eligible expenses);

- the time between the decision of LAG's selection and the first payment, is very long and causes many problems for the running costs.

In SK delays in payments for LAG operation from the Paying agency (advance payments and also refunding system) is reported.

In SI LAGs also find the rules for administrative controls for reimbursement of running costs too complicated. LAGs cannot get advanced payments for running costs (problem of guarantee). The bigger problem for LAGs is assuring the missing part for running costs (own funding).

In PT LAGs ask for more autonomy to manage their own running cost budget.

The Italian Regions report that:

The ceiling for the Administration and Operating Costs (20%) is very low and proved problematic for covering all the necessary implementation tasks. (minimum no. of staff, etc).

In Italy in all RDPs refers to the whole measure 431 (including the cost of animation and skills). In some RDPs limit (only to running cost is less than 20%. Examples:

- Emilia Romagna, Veneto and Sardegna the whole measure 431 may not exceed 15% of the LDPs;
- Calabria, Bolzano, Lombardia, Marche, Piemonte running costs can not exceed 15% of the amount of LDPs;
- Abruzzo and Trento running costs of the lags can not exceed 15% of Axis 4;
- Liguria operating costs of the lags are not eligible.

This creates additional problems related to the size of the advance that the LAGs may ask, this payment is calculated on running costs referred to in Article 63.c of Regulation (EC) 1698/05 and the limits create difficulties in many Regions.

About ineligibility Value-Added Tax for public sector bodies, as enshrined in Article 71 of Regulation (EC) 1698/05, some Regions applying the article to LAGs: in fact believe that the LAGs are treated as public entities because managing public resources.

In many regions have implemented very strict rules on staff selection: the LAGs (although already operating under Leader +) must select their staff by taking public tender. This is not always accepted by LAGs, who consider that the director and the chief executive should be chosen on the basis of trust.

Conclusions:

The 20% running cost ceiling is likely not to be enough in the case of LAGs with a control task or generally under Model 3, in the case of local development strategies with very low budgets, or in cases where the MA rules stipulate that the cost of animation should be included under the 20% ceiling (e.g. IT). The 20% running cost ceiling should be related to the minimal LAG functions

established at EU level. Derogation could be envisaged if additional tasks are delegated (payment and control) on the initiative of the MS. Also, the practice followed in several programmes of certain animation activities being funded under measure 341 would be of relevance and could be considered further.

The lack of possibility for some LAGs to receive an advance payment for LAG running cost can be a serious constraint. The issue of bank guarantee, including its costs being treated as ineligible expenditure in some cases, should be further investigated since it represents a major obstacle in using advance payments.

9. Comparison with Leader+ programmes and Leader+ type measure

The institutionalisation of the Leader approach within rural development policy and resulting better integration within the axes and measures is considered as an advantage (PT) in particular if there is a possibility to better integrate agricultural sector to the LAG strategy in using Axis 1 and Axis 2 support (FR) but it is not the case in all MS.

Mainstreaming of the LEADER methodology requires a more strategic approach to Rural Development. Developing systems which allow both LAG and PA/MA to be aware of the overall objectives of the National and EU programmes, whilst implementing the programme, is a significant challenge in this programming period.

Recognition of the value of a strategic rethink has been noted in some Member States. In IE the LAGs and PA are consistently working together to develop meaningful systems that facilitate the need to look at the programme strategically.

Finland has launched a review on how to re-introduce a genuinely Leader approach. In Italy, the NRN with all regions are conducting a study to investigate the aptitude of the regulatory framework (RF) of a Rural Development Program to integrate the Leader approach within Axis 4 avoiding effects of "denaturation" of its features as they are outlined in EC Regulation 1698/05. This analysis show that the excessive rigidity of regulatory framework and system of rules does not confer to LAGs the necessary decision-making Autonomy in both the design and implementation of the LDPs

The Italian Regions report that the Leader + programs were less rigid and provided the possibility of activating innovative and experimental projects. This possibility is less evident in the axis 4 of the RDP, which mainly refers to RDP measures, already structured and regulated, with limited ability to enable innovative operations.

There are some opinions that mainstreaming has only an added value if Leader maintains its characteristics and specific rules (DE-Bayern).

Scope of eligibility

Scope of eligible actions has an influence on the possibility to develop integrated approaches Under Leader+ projects had to comply with eligible actions under EAGGF, ERDF and ESF.

There is a great diversity in answers to the comparison with Leader+; this is mainly linked to the options taken in the mainstreaming (application of Leader to one or several axes) and to the greater targeting of measures at programme level:

- Scope is considered similar in the case of BE-Flanders, DE (<u>Baden Wurtemberg, Rheinland Pfalz</u>), EL, ES Aragon, ES Madrid, ES Rioja and ES Cantabria.
- Scope is considered more restricted in the case of AT, CZ, DE Schleswig-Holstein and Bayern (ESF and ERDF actions are no more eligible), DE– Saarland, FR (difficulty to support private companies), HU, IE, PT (limited to Axis 3), ES Canary, ES Castille and Leon, ES Balearic Islands, ES Castille la Mancha, ES Valencia and Sweden
- Scope is considered wider in Finland (possibility to implement project also in Axis 2), Latvia (Axes 1 and 3), Poland, ES Navarre (primary sector other than trading and craftsmanship-axis 1 and the environment - axis 2)., ES Basque Country, ES Catalonia (axes 1 and 2) and ES Murcia
- In DK the scope of measures is considered broader under this current period, but the rules of the system has had influence on the broadness and scope of the specific projects.

In FR and DE LAGs have the feeling that the possibility to choose what they want to finance has been restricted. Difficulties are linked to the more precised description of what is eligible under each measure and specific eligibility rules of each financial source. There is a lot of discussion with MA or PA in charge of the legal checks.

In case of ES- Castille and Leon and ES - Castille la Mancha the list of measures eligible is more restricted than in previous period, since in the current period the actions are restricted to Axis 3, while in previous periods, they could also include actions corresponding to axes 1 and 2.

In most cases, which accounts to 61% out of 38 replies, projects supported are considered similar to those supported under the previous period. Exceptions in CZ, LV, PT (There is less public investment and more private investment. Training is no more eligible), ES Basque Country, ES Murcia (In this new period, the creation and development of micro-companies is funded, together with the diversification towards non-agricultural activities).

In DE (North Rhine-Westphalia) eligibility of contribution in kind is more restricted.

The non eligibility of VAT supported by public legal entities is considered as an important issue in DE and FR.

LAG membership

In the majority of the cases, 65% out of 40 cases, there are no significant changes. Exceptions are in Portugal (now the 50-50 public-private rule is applied to the partnership and is internal structure.), ES Madrid (The main change occurred is that in the decision making bodies the representation of the private sector is, at least, 60%, against 50% of the previous period). In ES Basque country new Rural Development Associations were incorporated, as well as the commissioning of territorial boards for the evaluation of projects.

In UK– Scotland there are more land based representatives.

Management and financial procedures

Considerable concerns have been raised by group participants regarding management and financial procedures and their compatibility with the Leader approach, as illustrated in the examples of responses, below.

Most of the Autonomous Regions in ES agree that the delegation of administrative functions to the Local Action Groups has led them to be subjected to a large number of controls, besides the additional administrative work. The LAGs have had to adapt to much more complex management and

control procedures and this has caused difficulties at the time of guaranteeing that their structures be prepared to conduct these delegated functions.

In PT the structure of RDP implementation is considered more complex with MA and PA and all the procedures are also more complex. Lack of flexibility for transferring eligible actions amongst financial headings has been highlighted.

In PL Leader adopted rules of implementing RDP rather than RDP was adapted to Leader, thus there is less "leader" in Leader approach. This approach had to adjust to mainstreamed rules, which, for instance, makes implementation of innovative projects more difficult.

Financial rules of EAFRD are perceived as less flexible (BE- Flanders) or as an obstacle to a smooth implementation of LAG strategy. Rules rigidity – fixed rated, co-financing obligation for each project and rules applying to VAT have been reported in FR. Added value of LAG does not seem so obvious compared with previous period.

The rule of 3 % sanction has caused an "atmosphere of fear" (DE- Baden Wurtemberg, FIänd IE). Leader approach should lend itself to innovative actions without being afraid of sanctions. *"How can LAGs find new solutions to the problems of the countryside if the local people are too afraid to work on the projects?"* Sanction rules don't fit to the variety of possible projects (DE (North Rhine-Westphalia)

The need to follow strictly the measures (incl. eligible applicants, activities and costs) of the Axis I – III even in the small projects in Leader Axis does not give any "added value" of Leader (CZ*)*.

Requirements for small scale projects should not be the same as for the big ones (LT, UK -Scotland)

The level of bureaucracy is considered extremely onerous with regard to project claims on both the applicant and LAG administration (LAG Cairngorms UK-Scotland). Staff are now unable to work in depth with applicants and to work directly with the communities as the bulk of time available is spent form filling. Monthly changes to claims procedures and guidance make it difficult to progress projects with applicants. (*"Leader has become a purely form filling exercise"*). In addition visit 100% of the projects after completion was not required previously.

Conclusions

Although major variations apply in the way Leader is implemented in the Member States in the 2007-2013 programming period, its mainstreaming is broadly perceived as having created general implementation conditions which are not in line with the spirit of the bottom up and territorial approach of Leader.

Whilst piecemeal solutions may address particular shortcomings in the short term, a general solution to the issues identified should be sought in the long term at three levels:

1. LAGs should have autonomy in the implementation of their local development strategy and should be endowed with the necessary resources and capacity to perform all essential implementation (development, management and control) tasks.
2. There should be specific eligibility rules and simpler procedures under the RD programmes (Axis 4) to implement the Leader principles, in particular for small scale projects, innovative projects, and integrated/complex projects.

3. To the extent that it is legally possible, LAGs should have autonomy for managing the financial envelope of their local development strategy, including flexibility in the provision of national (public and private) co-funding and in intervention rates.

10. Main issues identified and possible solutions

The following table (table 1 of the Annex) provides a summary of the main issues identified by the focus group through its questionnaires, case studies and discussions. Issues applying only to one Member State of programme have not normally been included.

The table also includes reference to possible solutions based on good practice or other suggestions by participants.

The current version of the table is a working draft, which is still being developed and subject to change.

Annexes

Annex 1: Summary of issues and potential solutions identified by Focus Group I

Issue	Solution on EU level (post-2013)	Solution on EC level	Solution on MA (PA) level	Solution on LAG level
1. Lack of clear distinction of roles of MA and LAG:				
1.1 Overlap / interference on selection criteria, elaboration of calls, project ranking, etc	Define minimum LAG tasks in EU Regulation Establish LAG autonomy in implementing LDS	Revise EC Leader Guide to specify roles	MA (+PA) / LAG agreement defining exact roles	
1.2 "Distance" between LAGs and national-level MA/PA, difficulty in flows of information			MA+PA designate single experienced contact point & hold regular meetings	- Participate in regular meetings with MA/PA - Create / maintain informal Leader networks
2. LAG capacity constraints / inadequacies:				
2.1 Very small staff numbers and insufficient experience and expertise	Provide for critical mass and minimum capacity of LAG teams	Revise EC Leader Guide to provide clarification and guidance	Training, guides, etc	
2.2 Budget constraints (running costs ceiling, no advance payments for LAGs)	Derogation of 20% ceiling in Model 3 and/or if control tasks are delegated Running cost separate from other activities. Then, graduate the percentage according to	Revise EC Leader Guide to provide clarification and guidance	Use of M341 (animation) if animation sub-measure 431 not programmed Possible use of TA for additional delegated tasks (payment,	

	the tasks Enable advance payments for acquiring skills and animating the territory		control)	
2.3 Extensive training and support docs for LAGs but lack of strategic approach to capacity building			Develop a training action plan in conjunction with the LAGs	Develop a training action plan in conjunction with the MA

3. Unsuitability of rules for Leader approach:				
3.1 Application/interpretation of rules by MA/PA appears arbitrary (e.g. eligibility of expenses, VAT, etc)			National guidelines and LAG training on eligibility rules	
3.2 Specific rules required for small or coordination projects			- Develop such scheme - RDP modification as necessary	
3.3 Same rules as for the rest of RDP are not suitable for Leader approach	Define specific rules and procedures for Axis 4 in EU Regulation Define obligatory indicators to reflect the priorities of Leader approach			
4. Inability of LAGs to implement complex projects and integrated LDS:				
4.1 Predominance of measure-by-measure approach makes it very difficult to pursue complex projects	Establish control systems easier for operations of limited size (es:		Revise RDP to allow eligible operations outside the RD measures	

	under 10.000 eur?)			
4.2 Some LAGs lack capacity/experience to develop projects crossing / combining measures			Guidance / support to LAGs	LAGs to generate proposals
4.3 LDS monitoring and evaluation (absence of tools & lack of coordination between MA and LAG)		Issue EC guidance	- Guidance, training and support to LAGs - Common IT monitoring tools - obligation to perform these tasks included in LAG grant agreement, - LAG information on payments and project execution by beneficiaries and PA	Obligation for beneficiaries to provide indicators

5. Financial rules frustrate LAG efforts:				
5.1 Securing public co-funding and doing so simultaneously with EU funding is not easy to achieve, and in some MS there also are complications with private co-funding		Revise EC Leader Guide to provide guidance	- Establish national, regional or local funds - Allow/facilitate co-funding by private sources	
5.2 Same rules as for the rest of the RDP are not suitable for the Leader approach (form filling predominates)	Define autonomy of LAG to manage the financial envelope of its LDS in EU Regulation			

6. Control system discourages & contradicts the Leader approach:				
6.1 Accreditation requirements are too onerous	Define scope of accreditation in EU Regulation		Possibly introduce 25% independent audit as an alternative to accreditation (as in ES)	
6.2 Non-involvement of LAGs in controls			Ensure LAGs participate in project controls	Participate in project controls
6.3 Threat of 3% sanction (no reserve fund to cover it)	- Derogation for LAGs from 3% sanction and other "standard" rules			

Annex 2: Leader implementation models and level of delegation of tasks

Decentralisation of project selection (18 MS /37RDPs)	Decentralisation of project selection and payment tasks (3MS /4 RDPs)	Decentralisation of project approval (11 MS / 46 RDPs)
AT, CZ, CY, DE, DK, EE, ES (Galicia, Pais Vasco, Cataluna and Comunidad ValenciaFI , IT (Bolzano, Umbria, Veneto, Marche), LT, LV, NL, PL, RO, SE, SI, SK, UK (Northern Ireland)	BE (Wallonia), LU, UK (Wales, England)	PT, BG, BE (Flanders), ES (Cataluna), IT (Abruzzo, Basilicata, Calabria, Emilia Romagna, Friuli Venezia Giulia, Lazio, Liguria, Piemonte, Puglia, Sardegna, Sicilia, Toscana, Trento, Campania, Lombardia, Molise, Valle d'Aosta), MT (notifying the beneficiary), **Including payment tasks:** EL, IE, ES RDPs; all regions except Galicia, Pais Vasco,Cataluna, Comunidad Valencia), UK (Scotland) **Partial decentralisation:** FR (grant contracts with the beneficiaries are co-signed by MA and LAG) HU (commitment by MA written decision sent to the beneficiary by LAG)

Level of delegation of tasks to LAGs per model of implementation*		
A. Fully delegated • DE Sachsen • DK • LT **B. Intermediate (involvement in up to 2 tasks)** • AT • CZ • CY • DE Rheinland Pfalz • DE Baden-Württemberg • DE Hessen • DE Saarland • DE Schleswig Holstein • DE Mecklenburg West Pomerania • DE Lower Saxony and Bremen • ES Galicia	**A. Fully delegated** • UK England **B. Intermediate (involvement in up to 2 tasks)** • BE Wallonia • UK Wales **C. Extended sharing of tasks** • LU	**A. Fully delegated** • BE Flanders • IE • ES Aragon • ES Baleares • ES La Rioja • ES Madrid • ES Navarra • ES Cantabria • ES Andalucía • ES Asturias • ES Valencia • ES Extremadura • ES Murcia UK Scotland **B. Intermediate (involvement in up to 2 tasks)**

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* Classification of RDPs is based on comparative analysis of data from fiches and questionnaires received.

• ES Pays Basque • FI Mainland • FI Åland • NL • PL • SE • SI **C. Extended sharing of tasks** • DE Bayern • DE Nordrhein-Westfalen • DE Niedersachsen Bremen • DE Hamburg • DE Sachsen Anhalt • DE Thüringen • IT Bolzano • IT Umbria • IT Veneto • IT Marche • LV • SK • UK (Northern Ireland)		• PT • BG • ES Cataluña • IT Abruzzo • IT Basilicata • IT Calabria • IT Emilia Romagna • IT Friuli Venezia Giulia • IT Lazio • IT Liguria • IT Piemonte • IT Puglia • IT Sardegna • IT Sicilia • IT Toscana • IT Trento • IT Campania • IT Molise • MT • EL • FR Hexagon • UK Scotland **C. Extended sharing of tasks** • IT Lombardia • IT Valle d' Aosta • ES Canarias • ES Castilla la Mancha • ES Castilla y Leon • HU

Annex 3: List of Fiches and Questionnaires received

Annex 3a: List of Fiches and Questionnaires received

Member States	Member of FG	Regions	Inventory fiche Leader impl. models			Questionnaire		
			Responce	Remarks	Missing	Responce	Remarks / Update	Missing
Austria	NO		√			√		
Belgium	NO	Flanders	√			√		
		Wallonia	√					X
Bulgaria	YES		√			√		
Cyprus	NO		√					X
Czech R.	YES		√			√		
Denmark	YES		√			√	√	
Estonia	YES		√					X
Finland	YES	Mainland	√			√		
		Aland	√					X
France	YES	Hexagone	√	√		√		
		Île de la Réunion	√					X
		Martinique	√					X
		Guadeloupe	√					X
		Guyane	√					X
		Corse	√					X
Germany	YES	Bayern	√			√		
		Rheinland-Pfalz	√			√		
		Baden-Württemberg	√			√		
		Hessen	√			√		
		Nordrhein-Westfalen	√			√		
		Niedersachsen Bremen	√			√		
		Saarland	√			√		
		Hamburg	√					X
		Schleswig-Holstein	√			√		
		Sachsen-Anhalt	√			√		
		Sachsen	√					X
		Thüringen	√					X

		Mecklenburg-Vorp.	√					**X**
		Brandenburg + Berlin	√					**X**
Greece	**YES**		√	√		√	√	
Hungary	**YES**		√			√		
Ireland	**YES**		√			√	√	
Italy	**YES**	Piemonte	√			√		
		Abruzzo	√			√		
		Umbria	√			√		
		Marche	√			√		
		Emilia Romagna	√			√		
		Toscana	√			√		
		Friuli Venezia Giulia	√			√		
		Veneto	√			√		
		Trento	√			√		
		Liguria	√			√		
		Lombardia	√			√	√	
		Valdaosta	√			√		
		Campania	√			√		
		Puglia	√			√		
		Basilicata	√			√		
		Calabria	√			√		
		Sicilia	√			√		
		Sardegna	√			√		
		Molise	√			√		
		Bolzano	√			√		
		Lazio	√			√		
Latvia	**YES**		√	√		√	√	
Lithuania	**NO**		√			√		
Luxemburg	**NO**		√			√		
Malta	**YES**		√			√		
Netherlands	**NO**		√			√		
Poland	**YES**		√			√	√	
Portugal	**YES**	Continent	√	√		√	√	
		Madeira	√	√		√		

		Açores	√	√		√		
Romania	YES		√					X
Slovakia	YES		√			√	√	
Slovenia	NO		√			√		
Spain	YES	Aragon	√			√		
		Baleares	√			√		
		Cataluña	√			√		
		La Rioja	√			√		
		Madrid	√			√		
		Navarra	√			√		
		Pays Basque	√			√		
		Cantabria	√			√		
		Andalucia	√					X
		Asturias	√					X
		Canarias	√			√		
		Castilla-la-Mancha	√			√		
		Castilla y León	√			√		
		Valencia	√			√		
		Extremadura	√					X
		Galicia	√					X
		Murcia	√			√		
Sweden	YES		√			√		
UK	YES	England	√		X			X
		Northern Ireland	√		X			X
		Scotland	√			√		
		Wales	√					X

Annex 3b: Summary of inventories & questionnaires received

	Inventories	**Questionnaires (43 received)**
Total received:	**88**	**RDPs covered: 66**
Not received:	**0**	**Not examined: 22**
MS FG members not provided their questionnaires:	EE, DE (some missing), RO, ES (some missing)	
MS FG members which provided their questionnaires (18/20):	BG, CZ, DK (x2:MA+update), DE (x9), FI (x2:MA, LAG), FR (x2:MA, L. Network), GR (x3:MA, 2 LAGs), HU, IE (x3:2 MA, 1 NRN), IT, LV, MT, PL (x2:MA+update), PT (x3:MA+update, 1 Network), SK, ES (x2), SW, UK-Scotland	
MS not members of FG 1 who provided questionnaires:	AT, BE-FL (Flemish RN), NL (NRN), LT, LU, SI	

Annex 4: Questionnaire∗

Leader Subcommittee: Focus Group 1

Questionnaire for Members of FG1
on the Implementation of Leader

1. Basis for responses

Respondent's name & e-mail address	
RDP(s) on which the responses below are based	
Has the respondent consulted the MA and PA?	
Has the respondent consulted any LAGs?	

2. Definition of responsibilities and decision making

2.1   Please indicate the responsible body under your RDP programme for the following tasks.

Task	Responsible body (MA, PA, LAG)	Please provide (preferably by attaching) the relevant extract of the RDP or any other relevant document	Remarks (including any aspects considered to be problematic or representing good practice)
i. Project development tasks			
Support to beneficiaries to develop projects and prepare applications			
ii. Project management tasks			
Preparation of calls			

∗ In a number of cases the responses were provided in the previous draft version of the questionnaire.

Deciding local project selection criteria			
Publication of calls			
Reception of applications			
Project assessment			
Project ranking			
Final list of selected projects proposed to the MA			
Fixing the amount of support			
Project approval			
Payment of claims			
Control tasks			
Project execution monitoring			

2.2   Is there an obligation for LAGs to monitor and evaluate local development strategies?

- If yes, do they have to follow specific guidelines (issued by the Managing Authority)?

- Is it linked to RDP monitoring and/or evaluation?

2.3   How the different partners work together in terms of shared management tools (IT system for example), meetings, contacts. Interactions between them.

3.   LAGs selection

3.1   Selection procedure

3.1.1   Was the following information, included in the LAG's selection process?

- detailed description of the structure data required for the local development strategy;
- specific and objective LAGs selection criteria;
- any appeal procedure foreseen against the selection results;
- implementation guidelines;
- description of management tasks and responsibilities and obligations for LAGs;
- responsibilities and obligations for final beneficiaries in project realisation and payment rules.

3.2   Characteristics of the selected LAGs

Please specify below in which category the selected LAGs fall. (If they fall in different categories please provide indicative percentages).

3.2.1 Is the LAG an organisation with legal personality (association, company, etc)?

- If yes, is it classified as "public sector" ("public authority" or other "other public bodies"), "private sector" or "NGO/voluntary sector"?

Is the LAG a structure without legal personality?

- If so, who is responsible for its financial and personnel / HR affairs?

3.2.2 Indicate the percentage of LAGs operating already under the previous programming period (eg under Leader+ and /or Leader II, or already mainstreamed)?

3.2.3 Does the organisation/structure operating the LAG deliver other EU or national programmes or funds, other than the RDP, or does it intend to do so?

3.2.4 Has the organisation been specially set up for Leader purpose or was it a pre-existing organisation?

4 Management capacity of local action groups

4.1 Please indicate the estimated average size of LAG staff (total number/headcount and total full-time and their main functions?

4.2 Have any training actions for the LAG staff been organised before and/or after the LAG selection?

- If yes, please indicate by whom and describe the content of training actions.

4.3 Have supporting documents been produced by the Managing Authorities to assist the LAGs in their administrative tasks?

- If yes, please describe the content of these documents.

5 LAG decision making rules

Please describe briefly current LAG rules and practices related to conflict of interest, transparency and appeal, and indicate whether they are considered to be problematic or to represent good practice.

6 Project eligibility

6.1 Is an operation eligible outside the scope of rural development measures (Article 64)?

- If yes, have projects been already approved (and if so, please describe / attach description of such examples)?

6.2   Can the LAG select complex projects consisting of a group of operations combining several RD measures?

6.3   Have any specific project eligibility rules been defined for Leader?

- If yes, please describe these rules, the nature of projects covered and their documentation requirements for the application procedure (e.g. small scale project, multiple partners projects)

6.4   Have any project selection criteria been defined by the MA?

6.5   Have any project selection criteria been defined by the LAGs?

6.6   How it is ensured that the 50-50 rule (public-private) is applied at the project selection?

6.7   Is there any experience in implementing Leader under Axes 1 and 2?

- If yes, please provide examples with remarks on difficulties encountered, if any, and how they were overcome

7   Financial issues

7.1   Is the national public co-funding obtained by the beneficiary separately from or simultaneously with the EAFRD support?

7.2.   In case where the beneficiary has to obtain national co-funding separately, are the administrative rules and requirements different from those for EAFRD support?

7.3   Does the LAG play a role in obtaining or granting the national public co-funding?

7.4   Is the provision of National co-funding coordinated (eg by the MA or PA) or does the LAG seek co-funding from a large number of sources?

7.5   Were any additional conditions (to the initial RDP) attached to the national co-funding (eg. impact on LAG strategy, projects eligibility, delays, etc).

7.6   Are there any problems associated with the running cost of the LAG (allowed ceiling, method of calculation, eligibility of expenses, obtaining advance payments, lack of consultation with LAGs on running costs rules, etc).

8   Comparison with Leader+ programmes and Leader+ type measures?

8.1   Is the scope of Leader eligible actions wider, similar or more restricted compared with the previous programming period?

8.2   Is the nature of the projects financed different from the previous programming period (e.g. private investment, infrastructure, studies, training)?

8.3   Is there a significant change in membership of the LAG?

- If yes, please indicate new categories of organisation/structure

8.4   Is there any additional management, monitoring and financial procedure or requirement in the previous programming period?

- If yes, please provide examples.

8.5   Estimation about the sufficiency of funds available for skill acquisition and animation under Measure 431 in comparison with LEADER+.

8.6   First impression about the advantages and disadvantages caused by mainstreaming of the LEADER approach.

9   Any other points

9.1   Please summarise the main problems (difficulties/bottlenecks) and solutions (good practice) you would like to bring to the attention of Focus Group 1 and the Leader Subcommittee