

LEADER in Finland

LAGs' legal structure and unbiased decision making

A. Background information: What is the scope of the approach – and why was it put in place.

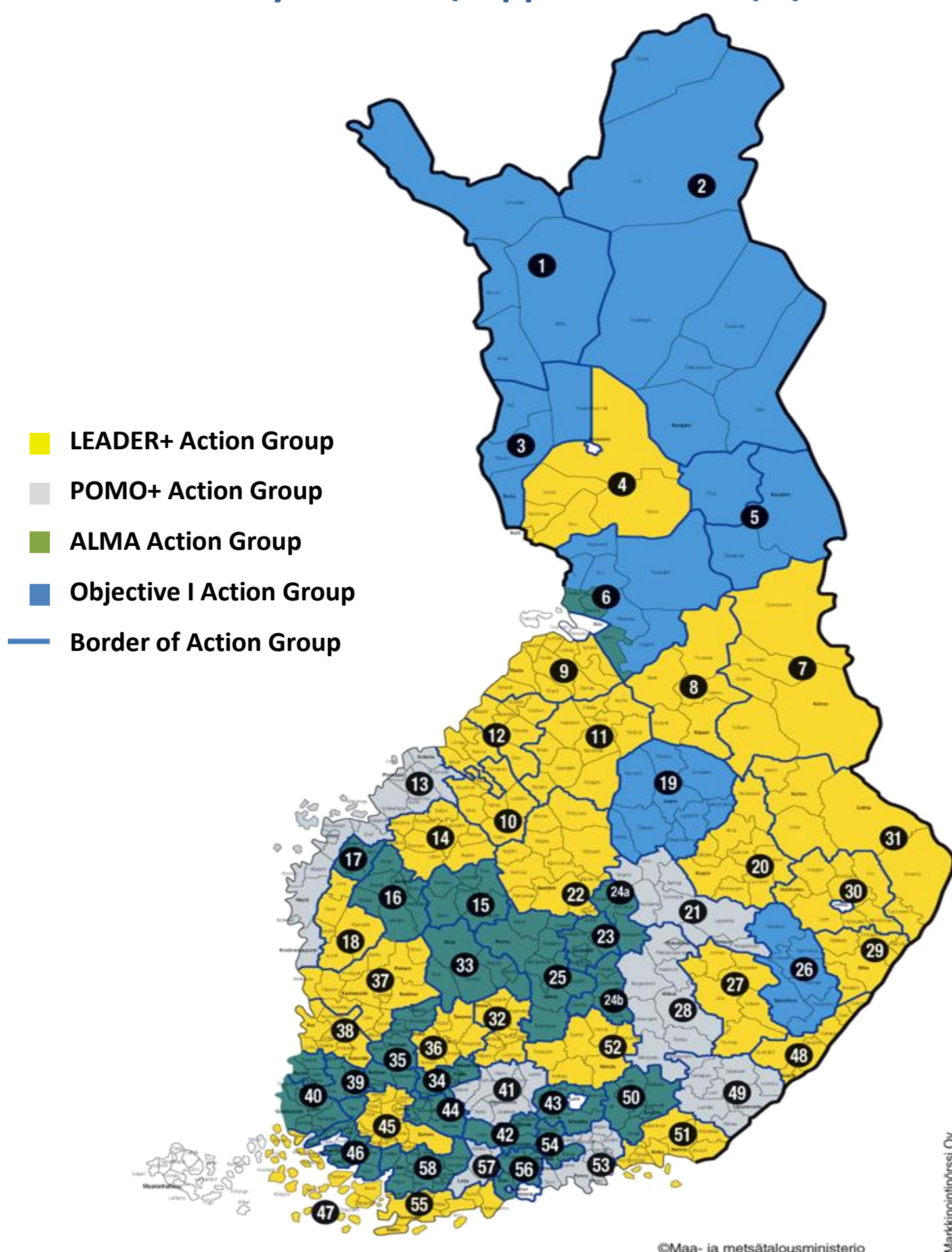
1. What are **the needs or the issues** that justified the adoption of this approach/solution? (for instance: reduction of administrative burdens, encouraging participation of stakeholders, tackling specific concerns, improving coordination between policy actions, etc.)

Across the Europe, LAGs take multiple different legal forms: non-profit associations, enterprises, local government units etc. The way in which the LAG is constituted inevitably influences its Local Development Strategy (LDS) development and implementation.

In Finland, where the local governments (municipalities) have a strong role in service provision with tax gathering right and the budgets of hundreds of millions euros, all LAGs are non-profit associations. If LAGs were constituted as part of the municipal administration, the LEADER specific features would be quickly diluted and aggregated to municipal bureaucracy employing hundreds of people even in fairly small municipalities.

To safeguard the LEADER innovative element, bottom-up approach, true public-private-civil sector partnership nature and the ability to challenge the traditional power structures the Finnish Managing Authority (MA) has put lots of significant effort into defining the LAG as an organisation and making sure its decision making process is unbiased and objective.

LEADER groups for the programme period 2007-2013 were officially selected / approved on 21/8/2007



B. Description of the approach: how it was done in practice

2. What does the approach/practice **consist in and how it is implemented** (including procedural aspects, if relevant)?

Who are the **main actors** involved in the implementation?

In addition to the quality of the LDS, the Finnish MA evaluates the LAG as a legal organisation as part of the selection process.

- ☐ The LAG must be a legal entity and all actors of the area must have the opportunity to join this partnership.
- ☐ There must be a sufficiently large number of members in the LAG (the average is a bit more than one hundred).
- ☐ The members of the LAG must include representatives of public administration, entrepreneurs, local communities and ordinary local people.

All this must be evidenced in the LDS document and its annexes.

- ☐ As all LAGs are non-profit associations the Board of Directors is elected directly by the members in a General Assembly every year.
- ☐ Same person can stay in the Board a maximum of six years.
- ☐ The Board consists of three equally sized parties: public sector, private sector and independent civil sector.
- ☐ All Board members must sign a personal statement on which sector they belong to and submit the information on their employer and confidential posts.
- ☐ People working for the municipality or state church for example or having confidential posts in them are automatically calculated among the public sector.
- ☐ The Board members also sign a statement of confidentiality (the LAG staff too) as regards to the project applications and personal or enterprise information related.

To avoid the conflict of interests when evaluating the project applications the Board members must:

- ☐ exclude themselves from the decision making in case they are members or work for the applicant,
- ☐ they have a competitor position in relation to the applicant or
- ☐ they have a family relation with the applicant.
- ☐ The LAG must also show in its LDS how it will organise itself internally and divide the tasks for the sound administration and financial management.

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3. Are there **communication aspects** involved in its implementation (to beneficiaries, the public or other stakeholders)?

The MA requires the LAG organisation based information as part of the LDS planning process. Through the annual reporting the MA also monitors that these “LAG principles” stay valid for the whole programming period.

The LAGs, assisted by the NRN, have the responsibility to train new Board members to follow the MA rules.



C. Conclusions/lessons learnt relevant for the future: what were the results

4. What kind of **benefits / improvements** the practice is expected to generate (or that have been observed)?

- ✓ As the Finnish LAGs are not constrained by the public authority status they are more free to animate, create and innovate – and to be on the applicant's side.
- ✓ The unbiased status makes them easy to approach from whatever local organisation.
- ✓ The constant circulation of Board members prevents the creation of power cliques in the decision making.
- ✓ Confidential application process and avoiding the conflicts of interest build trust between the applicants, the LAG and the whole local community.
- ✓ It also ensures a high degree of local participation and ownership.



5. Has the approach produced **additional burdens** (in particular, administrative burdens) for its implementation? In case, how they have been overcome (or will be)?

Keeping the membership lists as well as the other “LAG principles” updated has become a (small) part of administrative routine in Finland.



6. What are the **“lessons learnt”**? Are they relevant in the view of the future policy framework and the possibilities offered by the next generation of RDPs as outlined in the legislative proposals for 2014-2020?

The European Court of Auditors (ECA) has recently suggested aggregation of LAGs to existing local governments in its response to the new regulations on community-based local development – if LEADER added value cannot be proved under the current structures.

In Finland and many other MS the added value is demonstrated through the evaluation reports but still the inconsiderate ECA suggestion may cause trouble in the counties where local governments are eager to take over the method and possibly use it in their own purposes.

The question of LAGs' legal form should always be left to the MS to define, based on the local governance context and grassroots level needs (some MS are already in favour of local government lead system, and if it works properly there is nothing wrong with that).

