



LEADER innovation and the regulatory requirements

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Innovation – legal provisions



"All RD priorities shall contribute to the cross-cutting objectives of innovation, environment and climate change mitigation and adaptation." (Art. 5 Reg. 1305/2013)

"CLLD shall (...) include innovative features in the local context" (Art. 32(2)(d) Reg. 1303/2013)

"CLLD strategy shall contain at least (...) a description of integrated and innovative features of the strategy" (Art. 33(1)(c) Reg. 1303/2013)

Innovation – some definitions



Greater scope for innovation is **contributing to the value added** of LEADER (next to identification of local needs and solutions and more engagement from the local stakeholders) (CoA report)

"In the context of CLLD, innovation **does not have to mean high level research** and development or new technology(...). The justification for the innovatory character of the strategy is in fact closely connected to the question "what does the community want to change? (...). Rather than using all the limited resources available to meet basic needs, **the idea is to take a fresh look at both problems and opportunities and explore new responses** which can lead to longer term and more sustainable solutions. (...)" (CLLD Guidance for local actors)

Innovation – some definitions



"Innovation can involve new services, new products and new ways of doing things in the local context (...). Of course, not everything in the strategy has to be innovative, as partnerships will often have to build trust by showing that they can also fulfil certain short term basic needs. " (EC Guidance for local actors)

Innovation should be assessed in reference to the local situation and in terms of its effectiveness compared to existing methods and solutions applied in this territory: an action which is innovative in a certain place may already have been used somewhere else. (CLLD Guidance for MA)



Administrative & on-the spot checks

"Member States, through the paying agencies or the bodies delegated by them, shall carry out administrative checks to verify the eligibility conditions for the support. Those checks shall be supplemented by on-the-spot checks."

Non-IACS controls:

- 1. administrative (cross-) checks on 100% applications for support and payment claims**
- 2. on-the-spot checks for 5% of expenditure**
- 3. ex-post checks for 1% of expenditure for *investments***

Administrative & on-the spot checks

**Administrative
checks on all
applications for
support and
payment claims**

**OTSCs on 5% of
expenditure for
LEADER**

**Penalties and
payments**



Applications for support

Eligibility of the beneficiary

Eligibility of criteria, commitments and other obligations

Selection criteria

Eligibility of costs, including compliance with the category of costs, calculation method for SCOs

Verification of the RoCs for real costs

Compliance with Union or national law

Public procurement



Payment claims

Completed operation compared with the operation for which the application for support was submitted and granted

Costs incurred and payments made

Administrative checks



No double funding

In-situ visit (for investments)

Specific for LEADER: 5% of expenditure

Verify all eligibility criteria, commitments and other obligations

Verify accuracy of the data declared by the beneficiary

Verify that the use or intended use of the operation is consistent with the use described in the application for support



Administrative checks

Assessment of the RoC

- *At payment claim stage*
- *Submission of offers*
- *No recordings*

Selection criteria

- *Inappropriate definition*
- *Open ended calls*

Project selection

- *Deficiency in the voting process*



Administrative checks

Supervision

- *Absence of adequate supervision procedures*

In-situ visits

- *Deficient implementation of in-situ visits*

Other findings

- *Assessment of eligible costs (payment claims)*
- *Necessary information about the project missing in the contract with the final beneficiary*



On-the-spot checks

OTSCs do not assess the reliability of the administrative checks

OTSCs are performed before the completion of the administrative checks on payment claims

Payments made before receipt of the OTSC final report



On-the-spot checks

Sampling of the invoices to be checked

- *No specific guidelines for the approach to sampling*
- *Control report does not describe the sampling method*

Incomplete OTSC report

OTSC failed to identify several ineligible expenditures



On-the-spot checks

Audit trail

- *Composition of LAG selection meetings*
- *No mention of potential conflicts of interest by the LAG*
- *Minutes of the LAG meetings and scoring sheets for appraisal not signed and not dated; no name of evaluator on appraisal sheets*

How to design the Measure to facilitate innovation?



Select good quality strategies

Ensure flexibility in the scope of intervention and in eligibility of expenditure

Do not impose conditions of other measures (might be burdensome, difficult to comply with, refraining from experimentation)

Do not translate targets to over ambitious eligibility conditions/commitments or selection criteria

Provide for adequate resources for the LAGs to animate their areas