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DIRECTORATE-GENERAL FOR FISHERIES AND MARITIME AFFAIRS

Structural policy

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## **IMPLEMENTING AXIS 4 OF THE EFF** Some useful questions and suggestions<sup>1</sup>

- Chapter 1      How to encourage and select good quality local strategies?**
- Chapter 2      How to build and select high performing local partnerships?**
- Chapter 3      How to select areas that complement local strategies and organisational capacity?**
- Chapter 4      How to select the best administrative and financial system?**
- Chapter 5      Networking and cooperation between groups**

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<sup>1</sup> This working document was elaborated in cooperation with Paul Soto, Yves Champetier and Jean-Charles Lollier as a contribution towards the conference on the implementation of priority axis 4, "The Sustainable Development of Fisheries Areas", held on 25-27 January 2007 in Seville, Spain.

## 1. How to encourage and select good quality local strategies?

### What do the regulations say?

The EFF Regulation says:

- “the groups shall propose and implement an *integrated local* development strategy based on -”
- “a *bottom up* approach in agreement with the managing authority” (Article 45.2)
- “The operations under the local development strategy shall be *chosen by the local group* and shall correspond to the (*list of eligible*) measures.”
- “The majority of the operations shall be led by the private sector” (Article 45.4)

The Implementing Regulation also adds that the strategy must:

- “be integrated, be based on the interaction between actors, sectors and operations and go beyond a *mere collection of operations or a juxtaposition of sectoral measures*”,
- “be consistent with the needs of fisheries areas particularly in socioeconomic terms”,
- “prove its sustainability”,
- “be complementary to other interventions made in the area concerned” (all IR Article 24).
- The criteria (in the regulations) “shall constitute a minimum and may be supplemented by specific national criteria”.
- “The procedures shall be transparent, provide adequate publicity and ensure competition where applicable, between the groups putting forward local development strategies.” (IR Article 23.5a).

### What to look for in a high quality strategy?

- Does the analysis of the strengths and weaknesses of the area (SWOT) really take account of long term needs, challenges, threats and opportunities (who has carried out this analysis and how, what is the quality of the supporting information about fundamental changes in fishing, the main economic sectors, the environment and the social make up of the area).
- Does this analysis reflect the opinion of the main actors in fishing communities and other stakeholders? How have they been involved in designing the plan? (one way information, formal consultation of views, involvement in working groups preparing the plan, negotiation of priorities, objectives, budgets.....). Have the opinions of the weaker members of fishing communities been taken into account?
- Is there a shared vision of the future of the area and of the priority axes for development? Does this vision respond to the main challenges faced by fisheries communities and areas?
- Do priorities and objectives of the local development strategy reflect the needs of the territory, the vision?
- Are the actions and the resources assigned to them sufficient to achieve the priorities and objectives in the strategy.
- Are there methods and systems of coordination which ensure synergy with the other axes of the EFF and with other Community Instruments to obtain maximum leverage for the area?

- Can this strategy be sustainable in the sense that private and public actors are committed to develop it over the long term? Have the risks of failure and conditions of success been assessed realistically?

It should be noted that early results from the intermediate evaluation of other programmes points to the fact that it is important to go beyond formal, paper compliance with these kind of criteria towards implementing them in reality on the ground.

#### **What to avoid?**

- A purely mechanical SWOT analysis which simply lists some of the most obvious “symptoms” of the problems faced by an area.
- A formal consultation exercise where local people are invited to a public meeting and “informed” about the plan.
- No real vision of the long term future of the area or a vision which only reflects dominant interests (property....).
- The objectives of the strategy simply repeat those in the EFF regulation. There are no clear priorities set.
- There is simply a list of unrelated actions and the funds assigned to them do not correspond to the priorities.
- There is potential overlapping and duplication of actions funded by different programmes. There are no methods or forums within the area to ensure an effective division of labour and complementarity between actors and programmes.
- There is a very high risk that the pilot activities will not be adopted by mainstream actors in or outside the area.

## 2. How to build and select high performing local partnerships?

### What do the regulations say?

The EFF Regulation mentions three different types of criteria for assessing the quality of the local “group”: the socio economic balance of the partnership in relation to the composition of the area, the capacity to implement the strategy successfully, and the financial and administrative capacity. It says that:

- The group should represent “public and private partners from the various local relevant socio-economic sectors -”
- “With *adequate administrative and financial capacity* to administer the assistance and ensure that the operations are completed successfully.”
- “The group should, whenever possible, be based on existing experienced organisations”. (Article 45.1)

The Implementing Regulation continues that in terms of *socio economic balance*:

- “A group shall be composed in such a way that it is able to draw up and implement a development strategy in the area concerned”
- “The partnership shall comprise, including at the decision making level representatives of the fisheries sector and of other relevant local socio economic sectors” (IR Article 23.1)

In terms of the *capacity to administer the assistance and ensure that operations are completed successfully*, the IR says:

- “The relevance and effectiveness of the partnership is to be assessed in terms of its composition as well as its transparency and clarity in allocation of tasks and responsibilities. The capacity of the partners to carry out the tasks assigned to them, and the effectiveness and decision making must be guaranteed”. (IR Article 23.1)

In terms of *administrative and financial capacity* the IR says:

- The administrative capacity of the group is to be considered adequate when the group:
  - Either selects from the partnership one partner as the administrative leader who will guarantee the satisfactory operation of the partnership (IR Article 23.2a) or
  - comes together in a legally constituted common structure, the formal constitution of which guarantees the satisfactory operation of the partnership. (IR Article 23.2b)
- In addition, if the group is entrusted with the administration of public funds its financial capacity shall be assessed either in terms of the financial capacity a) of the administrative leader or b) of the common structure to administer the funds (IR Article 23.3)
- If the group is entrusted with the administration of public funds it shall create a separate account for the implementation of the local development strategy (IR Article 25.2)

### What to look for in a high quality partnership?

*In terms of socio-economic balance:*

- Have the main actors and organisations that affect the success of the local development strategy been identified? What are the points of common interest and of conflict with fishing activities and communities?

- Is there a tradition of cooperation and organisation within the fishing communities? What is their weight on the decision making bodies of the partnership?
- Is there a tradition of cooperation and common action between fishing communities and their organisations and other economic and social actors in the area? Does the partnership reflect these links?
- Is the partnership committed to reinforcing the capacity of fishing organisations, their links with other socio-economic actors and ensure a positive balance of interests between sectors?
- Does the involvement of local authorities and of the private sector reflect the reality of the area?
- Are there mechanisms to ensure that groups that are under-represented be involved in the local partnership and its decision making structures (women, young people, environmental groups, cultural groups, private businesses...)? What is their level of representation?
- Are there any “hidden” power structures in the decision making organs?
- If the partnership is an existing organisation have the necessary steps been taken to ensure that there is a balanced representation of fishing interests in the decision making procedures concerning axis 4 (and other related measures). In other words, what is the weight of fishing interest on the decision making boards concerning axis 4 and what is their weight in the general structure of the organisation?
- What are the actions for establishing channels of communication, building trust, motivating, capacity building?
- Have the roles, responsibilities, rights and tasks been clearly defined and communicated to the partners?

In terms of *capacity to ensure that operations are completed successfully*

- Does the group have the necessary capacity to provide technical assistance to the projects envisaged in the strategy (e.g. food projects, tourist projects...)?
- Does the group have the necessary staff to animate the territory and encourage both individual and collective projects?
- Does the group have the necessary staff to monitor and evaluate results?
- How will all these forms of support be organised – through the internal staff of the group or of the partners or through external expertise?

In terms of *administrative and financial capacity*

- Does the local partnership have the right to select local projects in practice or is this limited by outside financial control and procedures (e.g. cofinancing procedures, eligibility checks, payment delays)?
- What is the role of the group in terms of the management and payment of funds? Will it be directly responsible for receiving and paying funds or will it simply select the projects leaving the payment to the managing authority?
- If the group is responsible for the management and payment of funds is it legally recognised for doing this or has it designated a recognised member of the partnership?

- If the group is legally responsible for the management and payment of funds or if it has designated a partner to do this can it demonstrate that it has the experience and the systems in place to ensure sound financial management (separate accounting systems, qualified staff for accounting and certifying payments)?
- In order to guarantee an effective support to the local project can the group guarantee to pay the beneficiary in an acceptably fast period of time? Are there serious risks of liquidity problems or delays?
- If needed, does the group or the designated partner have the financial capacity to advance funds to final beneficiaries, for example, through agreements with banks or through its own funds?

### **What to avoid?**

*In terms of socio-economic balance:*

- Too weak or too strong representation of the fishing community.
- Too weak or too strong representation of the private sector.
- Dominance of institutional bodies and the public sector.
- Insufficient representation of weaker social groups.
- A partnership organised around an artificial committee without real decision making power.

*In terms of capacity to ensure that operations are completed successfully:*

- Inability to coordinate and provide leadership for the programme at local level.
- Insufficient dedicated local resources and capacity for animating and implementing the strategy and the projects given the size of the territory.
- Insufficient information and communication about the programme.

*In terms of administrative and financial capacity:*

- Excessively bureaucratic and complex procedures for beneficiaries. Long delays in payment. Difficulty in mobilising cofunding.
- Lack of transparency in selection criteria and in decision making processes.
- Underpayment, non-eligible payments, audit problems.

### **3. How to select areas that complement local strategies and organisational capacity?**

#### **What do the regulations say?**

The EFF Regulation states that:

- The “areas must be limited in size and, as a general rule, smaller than NUTS 3” (Article 43.3)
- “The priority areas should *either* have a low population density *or* fishing in decline *or* small fisheries communities” (Article 43.4)
- The Regulation adds later that “The area must also be sufficiently *coherent and*
- have sufficient *critical mass* in terms of human, financial and economic resources to support a viable local development strategy” (Article 45.3)

The Implementing Regulation states that:

- “The operational programme shall specify the procedures and the criteria for selecting the fisheries areas. Member States shall decide how they will apply articles 43.3 (referring to size) and 43.4 of the Regulation” (referring to population density, fishing decline or population size) mentioned in the first two bullet points above (IR Article 22.1).
- “The fisheries areas selected do not necessarily have to coincide with a national administrative area or with zones established for the purposes of eligibility under the objectives established by the Structural Funds.” (IR Article 22.2). In other words they do not have fall within the Convergence or Competitiveness and Employment Objectives.

#### **What to look for to define appropriate areas?**

- What are the territorial priorities of the Member State in the Operational Programme and how do these relate to the selection procedure and criteria (open call for tender, one phase, two phases, restricted eligibility, all fishing areas, the most innovatory areas, the most deprived....)
- How many areas will be chosen and what will be their size? Will they have sufficient critical mass in terms of their population and their resources? Is there a risk that they are too large in terms of their population and/or geographical size for the strategy and budget proposed?
- What will be the main characteristics of the fishing areas selected? How are they affected by fishing decline? Are they especially low density areas? Are they made up of small fisheries communities? Do they have other special characteristics?
- Are the areas sufficiently coherent in terms of identity, geography or economic activities?
- Do they fit with existing administrative boundaries?
- Are the areas dominated by a large centre of population or one activity? What is the weight of fishing activities within them?
- Are the areas continuous? If so are they sufficiently compact and homogeneous for organising a coherent strategy and involving the population?
- If the areas are not continuous, do they have enough points in common for implementing a bottom-up and effective development strategy

### **What to avoid?**

- A dispersal of resources which prevents Axis 4 having a leverage effect - either because there are too many areas, these areas are too small or because the areas are too big.
- A lack of transparency in the selection criteria of the areas. Distribution of funds on political grounds.
- The spending priorities do not reflect the needs and potential of fisheries areas as described in the strategy. The budget is simply divided up mechanically.
- The areas are too diverse in social, economic or geographical terms to organise a common strategy.
- There is a mismatch with administrative boundaries which complicates the involvement of local authorities and effective management of the strategy. At the other extreme, when the boundaries coincide exactly, there can be a risk that the group is just absorbed within one administrative structure.
- Fishing communities are in a very small minority within the area.
- The strategy and budget is dominated by one large centre of activity within the area.
- The areas are not continuous and have little in common other than the fact that there is some fishing in them.

## 4. How to select the best administrative and financial system?

### What do the regulations say?

The EFF regulation states that:

- The programme management and control systems introduced by Member States provide for the definition of the functions of the authorities involved in management and control (Article 57)
- The Member State must designate:
  - A managing authority to manage the operational programme (implementation)
  - A certifying authority responsible for certifying the statements of expenditure and applications for payment
  - An audit authority responsible for verifying the control systems.

The Member State may designate one or more intermediate bodies to carry out some of all of the tasks allotted to the abovementioned authorities (Article 58). *In other words the functions must be clearly separate but they can be carried out by different departments within the same organisation.*

- Payments will take the form of prefinancing (7%), interim payments and payment of the balance (Article 75). *Note that this refers to payment to the Member State not to the group. The Member State can make its own arrangements to ensure that the group can operate effectively and with sufficient liquidity.*
- Interim payments shall be calculated by applying to the declared public contribution the rate of Community co-financing established under the current financial plan (article 76).
- The cumulative total of pre-financing and interim payments made shall not exceed 95% of the contribution from the EFF to the operational programme. (Article 79)
- The Commission shall automatically decommit any part of a budget commitment in an OP that has not been used or for which an application for payment has not been sent by 31st December of the second year following the year of the commitment. (Article 90)

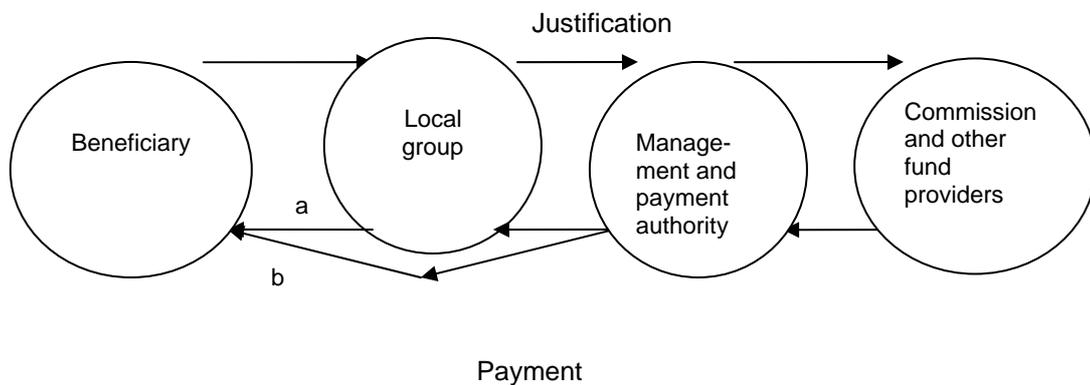
The Implementing Regulation states that:

- “If the group is responsible for the management of public funds, its financial capacity shall be assessed (IR Article 23.3)”. *This applies both when the partnership selects an administrative leader to carry out the financial management or when it creates a common structure as outlined in the previous section (and IR Article 23.2).*
- *Note that the basic Regulation and Implementing Regulation do allow Member States to delegate payment and certification functions to an intermediate authority. However, as mentioned above, even in this case “the group shall choose the operations to be financed under the local development strategy” (IR Article 24.1)*
- The operational programme must specify the following:

The management arrangements and the procedures for the mobilisation and circulation of financial flows as far as the beneficiary. In particular, it describes how groups are integrated into systems of management, monitoring and control. (Article 23.5)

## What is required for an efficient administrative and financial system?

- How are the respective relations between the Commission and other funding providers organised? What about the management and payment authority? And the local group and beneficiary?
- Who checks the legality and eligibility of the actions?
- What payment circuits are envisaged?
- Who pays the beneficiaries? What conditions have been laid down for monitoring and what administrative documents are mandatory?
- Who carries out evaluations and what indicators are used?
- Who is in control and how is control exercised?
- What links are envisaged with the other Structural Funds, in particular Axis 4 of the EAFRD (Leader)?



- Does the system used meet the needs of local groups and beneficiaries in terms of reliability, flexibility and rapidity? Does it meet local requirements better than other sources of funding?
- Will the MS use (a) the decentralised option of payment where the group or one of its partners handles the money directly and certifies and pays the beneficiary itself; or (b) the centralised option where payment is made on the decision of the group by the managing and/or payment authority? Neither is intrinsically better. The choice depends primarily on the speed and efficiency of each level in the different Member States and the extent to which the central level can really delegate decision-making to the group if it retains the function of making payments.
- What methods will the MA use to check that operations conform to EU and national regulations? Will the MA publish a list of eligible actions? Does it have a simple system which allows the group to confirm the eligibility of an action – for example, on-line? Is a notification from the group sufficient?
- What are the conditions under which national public co-funding bodies will become involved? Do they, like the EFF, commit to a pluri-annual programme or are they involved on an ad hoc per-project basis? Does their involvement impose any constraints on the management of the programme? Are they likely to affect the type of project undertaken as part of the strategy?
- What system is planned for payment to beneficiaries within reasonable time limits? If the group is in charge of financial management, what system has been introduced to ensure an adequate cash flow? Does the group actually have to make the payments in order to receive the funds? Can national co-funding bodies make the system more fluid on a financial level by granting the group financial advances? Should agreements be sought with banks?

- Have sufficient allowances been made to avoid the risk of non-availability of funds for the implementation of the operations? It must be remembered that innovatory projects often take a long time to get off the ground so this must be calculated in the programming.
- How heavily does administrative and financial monitoring weigh on the local group? Is it reasonable and does it leave enough time to local groups to manage the strategy and provide technical assistance? If it weighs too heavily, would it be possible to change the organisation without altering the responsibilities of the local group as regards strategy and the choice of actions?

### **What to avoid?**

- Whatever the management system selected (decentralised or centralised, payment to beneficiaries by the intermediate agency or by the local group), a large number of complex proceedings for both the beneficiaries and for local groups.
- Very late payment leading to the failure of the most innovative projects and/or projects implemented by fragile project leaders.
- Different rules of involvement depending on the co-funding body.
- Laborious processes to check the eligibility of expenditure, significantly slowing down procedures and reducing the groups' ability to reach decisions and deliver the results. In the worst case scenario, this creates an additional layer of bureaucracy which destroys the very essence of the bottom-up approach.
- The complexity leads to late spending and under-spending and thus loss of money under the N+2 rules.

## 5. Networking and cooperation between groups

### What do the regulations say?

*The EFF regulation states that:*

- Sustainable development measures in fisheries areas aim to: ... “promote national and transnational cooperation between fisheries areas” (Article 43.d).
- “Support for sustainable development of fisheries areas may be granted for: "... promoting inter-regional and transnational cooperation among groups in fisheries areas, mainly through networking and disseminating best practice” (Article 44.1h).
- “Member States or regions, depending on the specific nature of their institutional structure, may encourage networking aiming at disseminating information and, in particular, exchanging best practice” (Article 45.5).
- Technical assistance at Community level includes the establishment of transnational and Community networks of actors in the sustainable development of fisheries areas with a view to encouraging the exchange of experience and best practice (Article 46.f).

*The Implementing Regulation states that:*

- "Support granted under Article 43.b of the basic Regulation shall be for.....implementing interregional and trans-national cooperation among the groups in fisheries areas as referred to in Article 44.1h of the basic Regulation, mainly through networking and disseminating best practice..."

*So it can be seen from the Regulations that the Commission will be establishing a European Network for Axis 4 and at the same time Member States are encouraged to use the funds available for technical assistance to establish their own national or regional networks.*

### What is required for a successful network?

- How can the network be organised in a way that:
  - It becomes a forum or platform where the different stakeholders involved in fishing communities can establish a dialogue and learn from each other?
  - It forges links between people, projects and fisheries areas and helps overcome the isolation that many of them face?
  - It helps to transfer good practice and build on the lessons learned?
  - It links European, national and regional levels.
- How can national and EU databases be set up to list all the groups (contact details, characteristics, business plan, innovative actions, maps etc.)?
- What should be the priority themes and issues of fundamental importance for the future of fishing communities around which the network bases its activities?
- What could the network's role be in the analysis of the main territorial challenges facing fisheries-dependent zones and what are the various possible ways of ensuring balanced, sustainable development? What should its role be in highlighting the lessons and policy recommendations from Axis 4?
- How can the network organise a series of events and seminars around these themes between the groups, policy makers and other stakeholders in order to facilitate the transfer of good practice, joint learning and cooperation?

- How can one ensure that the network not only involves the groups but also national and regional administrations and, therefore, promotes the exchange of expertise at programme level?
- How can one ensure that the network has a good system of capitalising and disseminating the lessons of axis 4? For example, by using thematic experts, web based tools such as data bases of good practice, cooperation projects, thematic web pages, a newsletter, discussion forums, and common paper outputs such as thematic reports.
- How could the network make a contribution to solidarity between fisheries areas and how could it give a positive image of these areas?
- What should be the role of the network in supporting cooperation? What role can it play in putting groups in touch with each other, in providing information to help partner search and in providing technical support for establishing and managing the project?
- How can the support for cooperation take account of the following points?
  - Cooperation can take place with a group in another region (inter-regional cooperation) or another country (trans-national cooperation).
  - Cooperation normally involves a number of phases - from a structured exchange of information, to a transfer from more experienced partners and finally joint action on projects of common interest.
  - Cooperation should help groups to boost their local activities, to resolve certain problems or add value to local resources. For example, cooperation can be a way of achieving the critical mass necessary for a specific project to be viable, or of encouraging complementary actions in training, quality control or marketing, for developing joint tourism initiatives based on a shared cultural heritage and so on.
- In this context, what should be the role of the network in funding the different steps involved in cooperation? For example, it might be useful to establish a flexible fund for financing the first contacts between the groups in order to help them get to know each other and develop a cooperation project. The fund might also be used to cover certain common costs associated with the launching of the projects such as interpretation, experts, travel and so on.

#### **What to avoid?**

- The dominance of one particular sector and an absence of dialogue with other stakeholders concerned with fisheries communities.
- An inflexible bureaucratic structure which is simply concerned with the narrow programme management and monitoring. Lack of contact with the reality of the groups on the ground.
- A lack of connexion between the activities of Axis 4, other Axes of the EFF and other Community instruments (LEADER, rural network, Cohesion Policy, Research and Development...)
- A list of glossy publications and shallow case studies which are more concerned with the promotion of the programme than real learning. Unfocussed and unproductive exchanges.
- Exchange of good practice limited to the project level but not affecting the strategic programme or policy making level.
- A lack of vision on the future of fisheries areas and an inability to discuss the issues as they relate to the future of fisheries areas, challenges and the policies required.
- Excessively complex and uncoordinated procedures for cooperation. Unclear or overambitious cooperation projects. Under-spending.