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## **SUSTAINABLE DEVELOPMENT OF FISHERIES AREAS: GUIDE FOR THE APPLICATION OF AXIS 4 OF THE EFF<sup>1</sup>**

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<sup>1</sup> This working document was elaborated in co-operation with Paul Soto, Yves Champetier and Jean-Charles Lollier as a contribution towards the conference on “the sustainable development of fisheries areas - how to develop axis 4 within the operational programmes”, held on 26-27 June 2006 in Porto, Portugal.

## Chapter 1. Introduction.

### Why have a new axis on the sustainable development of fisheries areas?

Coastal areas reflect many of the central challenges facing the EU. Altogether they cover 10% of its territory and contain 16% of its population. This includes some of Europe's most competitive centres of economic growth and much of its most precious environmental heritage. Many coastal areas are the preferred locations for new leisure and residential uses. Their very success can place enormous pressure on traditional activities like fishing and on natural resources.

At the other extreme, more remote coastal areas and those fisheries areas (including lakes, ponds and river estuaries) that are heavily dependent upon fishing face a range of new problems as they enter the 21<sup>st</sup> century. Among other things, they have to cope with "changes in the fisheries and aquaculture sector, developments on world markets, dwindling fisheries resources and the need to exploit natural resources and the environment in a sustainable manner, paying particular attention to the quality of fishing and aquaculture waters"<sup>1</sup>

The Commission realises that the complex and rapidly-changing forces affecting fisheries areas and communities cannot be dealt with by traditional policies and tools on their own. It argues that the Community "must be able to provide accompanying measures in conjunction with the conversion of areas affected by the restructuring of the fisheries sector". This is why the regulation on the European Fisheries Fund (EFF) for the period 2007-2013 contains a new "Priority Axis 4 for the sustainable development of fisheries areas".

The crucial difference between Axis 4 and other measures in this and other programming periods of the EFF is not so much in the contents of the actions. In fact, as we will see later, many of the actions carried out in Axis 4 will probably be similar to those implemented under previous programmes like PESCA, INTERREG, and EQUAL. The main added-value of axis 4 lies in *the way in which these actions are implemented and linked together, both in and by, fishing communities themselves.*

The Commission argues that because of "the diversity of situations and of the areas throughout the Community and the principle of subsidiarity, assistance from the Fund for the development of fisheries areas will have to form part of an *integrated local approach centred on a relevant territorial strategy and adapted to the local situation. Its design and implementation will be as decentralised as possible, preference will be given to the involvement of private actors on the ground and a bottom-up approach.*"

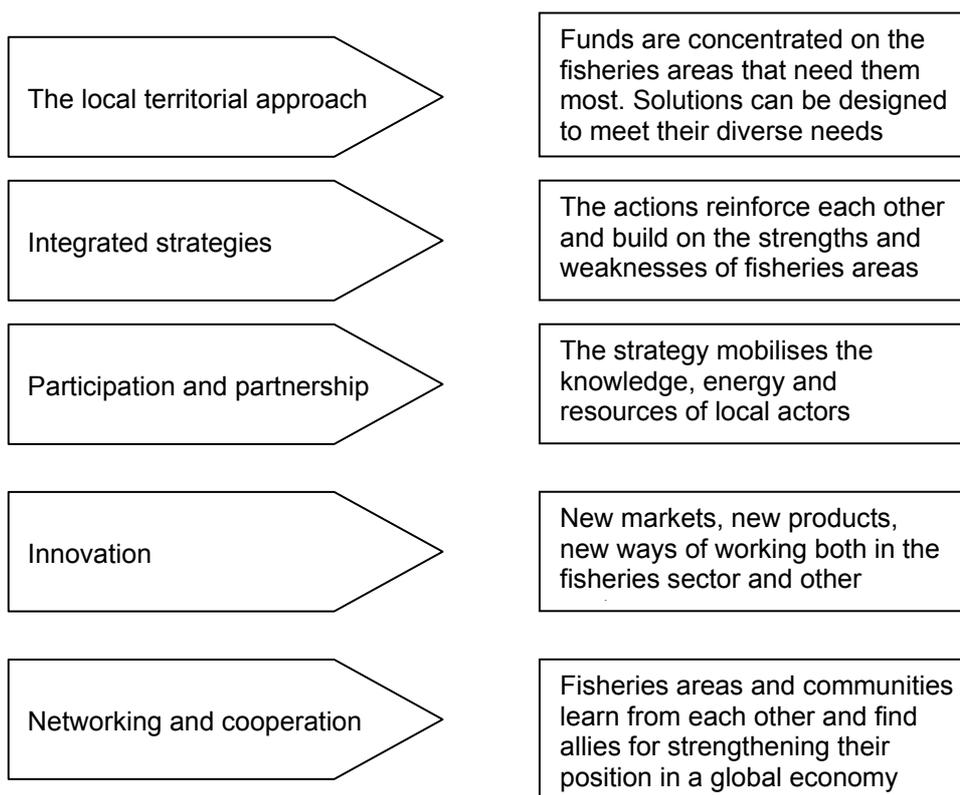
So the aim of axis 4 is not just to tackle the short term effects of the Common Fisheries Policy and of the economic, social and environmental impacts of the depletion of fish stocks. Its purpose is to help fishing communities and areas to create *new sustainable* sources of income and quality living. It does this by providing the people who most understand both the problems and the dreams of fishing communities - with the tools for adapting the solutions to their real needs.

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<sup>1</sup>

Explanatory Memorandum to the EFF

### The key characteristics and advantages of Axis 4:



However, to make the most of these advantages a number of difficulties must be overcome in the design and management of the programme at both national and local level. One of the most important drawbacks of axis 4 is that, its resources being relatively limited, it cannot work on its own. To be really effective it must function like the oil on the wheels of other actions within the EFF and other Community Instruments. We will provide a series of suggestions or guidelines about how to ensure that fishing communities really get the most value out of axis 4 in the rest of this guide.

### Aims and structure of the guide

This guide has been written with two main aims:

- To help MS design axis 4 in their operational programmes and to start preparing for the selection of areas and groups (Part A). This section has been developed in more detail below.
- To help local groups to prepare and to submit local development plans (Part B). A check list of questions has been prepared for this section. The content will be further developed in the autumn of 2006.

**PART A**  
**HOW TO PRESENT AXIS 4 IN THE OPERATIONAL PROGRAMMES**

**Chapter 2. Explaining the context for Axis 4. Challenges, needs and policy gaps.**

One of the most important factors in the success of axis 4 is a correct identification of the most important challenges and of the real needs of fishing communities followed by an analysis of which problems are already being dealt with by existing policies and which need further action. In this section we provide a brief checklist of questions and some helpful examples that the MS should consider in order to make a good proposal for axis 4 in their Operational Programmes.

To define the **context** for Axis 4 we suggest that the Member States address four main questions:

- 1. What are the main challenges and needs of fisheries areas and that are particularly relevant for axis 4 given the depletion of fish stocks and the current trends in the Common Fisheries Policy?**

A detailed answer to this question will only be provided from the SWOT analyses carried out in each area chosen for Axis 4. However, before this, the Member States should at least provide the broad scenario.

For example, one can imagine a series of key challenges which may either stem from changes in the fisheries sector or from changes in other sectors and the nature of the fisheries area.

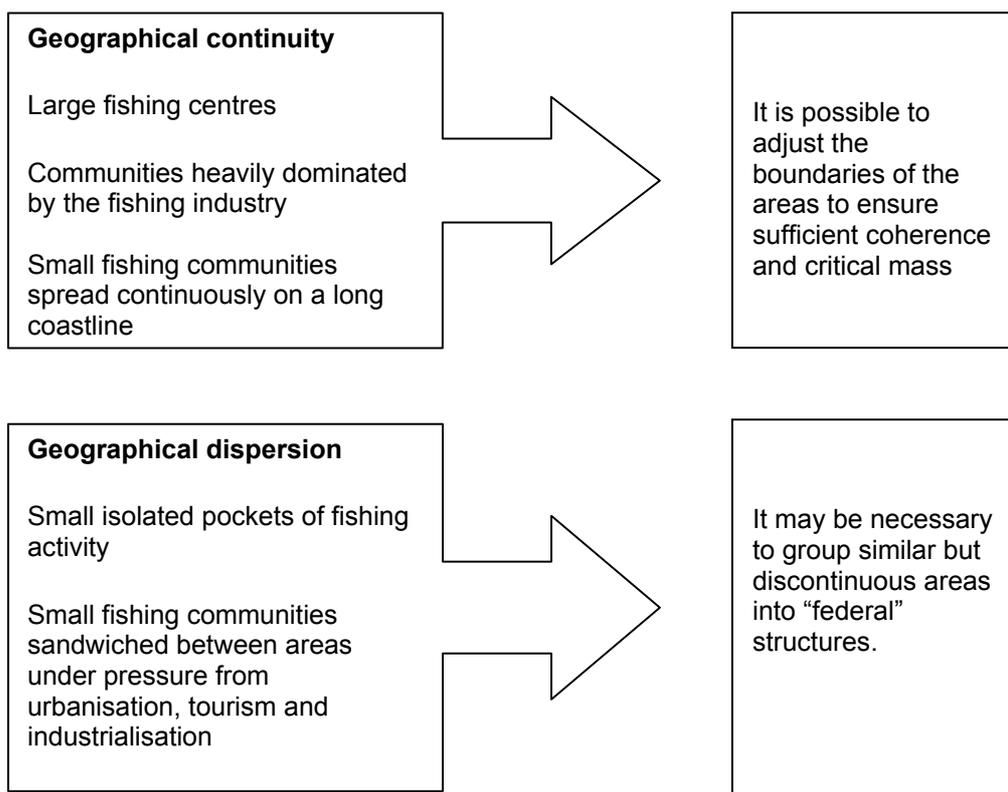
<b>Challenges arising from within the fisheries sector</b>	Restructuring of the fleet to adapt to available fish stocks and resources.
	Lack of competitiveness of the fishing sector in global markets
	Lack of integration with processing and final markets
	A basic need to modernise and create the conditions for a viable sector in certain Member States.
<b>Challenges arising from outside the fisheries sector</b>	Lack of alternative employment for fishermen, their families and other members of fishing communities.
	Remoteness, poor access, outward migration and depopulation, lack of basic services
	Pressure from urbanisation
	Pressure from tourism, second homes and other marine related leisure activities.
	Environmental degradation. Pressure from society to preserve the environment.

Member States should provide selected key facts to justify the scale and severity of each challenge they identify. *For example, there are 40,000 jobs in the fishing sector in Galicia. The rationalisation of the fleet is likely to lead to the loss of a number of jobs. There is considered to be scope for creating a smaller number of jobs in fish processing, quality control and marketing.*

*Some of these jobs may be full time but many fishermen may have to complement their income from fishing from other activities. The challenge is to create this number of jobs (representing more or less the difference between the two previous numbers) in other sectors like tourism, the protection of the environment and services to the population.*

## **2. How are these challenges and problems mapped out in each country?**

The second step is to analyse the geographical distribution of these challenges. This can vary enormously between countries and once again is fundamental for deciding on both the number and nature of the territories to be chosen for Axis 4 and the nature of the partnerships. Without aiming to be exhaustive, it is possible to identify a number of scenarios.



The shape of the coastline can also have a major effect on the strategy: for example, estuaries, the “Rias” in Galicia and the “Abers” in Brittany.

Once the main challenges to fishing communities have been identified and mapped out on the territory, the Member States can summarise this information in a table like the one used by the Commission to make a preliminary analysis of the situation in Finland.

In Finland the relevant Axis 4 areas are dispersed over the entire country and have a very diverse character ranging from marine to inland waters, from sparsely populated rural areas to large coastal towns. Two of the main categories of communities have been described as follows:

Region	Type of fishing areas	Main challenges	Quantitative information (if possible)
Finland	Sparsely-populated areas	Lack of investment, employment and product marketing possibilities.	The overall population density in Finland is 17.3 persons/km <sup>2</sup> . <b>Northern Finland</b> is the most sparsely populated area where population density accounts for only 2.8/km <sup>2</sup> . Unemployment rate is 16.1%. <b>Eastern Finland</b> is the main lake-area, 17.5% of the area is covered by water. The population density is just above 8/km <sup>2</sup> and the unemployment rate is 15%.
Finland	Agglomerations of coastal towns	Competing interests of different water and coast users: recreational and professional fishermen, aquaculture, tourists, owners of holiday residences, land owners, industries etc	The Finnish coastline is 314 000 km long (incl. shores of inland waters). The majority of the towns are located by a water body –five of the six biggest towns on the marine coast. Approx. 1.9 million Finns use 400 000 waterside holiday residencies during an average of 80-110 days per year. 1.2 million recreational fishers are estimated to catch 80 % of the total catches in Finland.

Source: EC - DG FISH

This table can also be expanded by adding another column with the specific targets for axis 4 related to each type of fishing area and challenge. An example of Lithuania is provided in the next section of the guide.

### 3. What are the existing policy opportunities for helping the sustainable development of these territories and where are respective gaps?

Resources of Axis 4 are relatively limited which on its own cannot hope to solve all the problems of fishing communities. If Axis 4 duplicates or simply runs in parallel to other programmes/programme parts, many of its advantages will be lost. Similar approaches like the LEADER Community Initiative have shown that their funds can have a considerable leverage effect both on other national and community programmes and on private investment.

For example, the ADICES Local Action Group in Portugal has a total budget of around 10 million euros for the period 2000-2006. Only 45% of this is made up of LEADER funds. This Local Group also manages an EQUAL project and takes part in various national and community programmes for local development. The final evaluation of LEADER II at EU level also showed that the LEADER Local Action Groups had managed to lever in considerably more private investment than was originally expected.

So in order to maximise the synergy and leverage of axis 4, the Member States should describe how the implementation of Axis 4 will fill the gaps and complement existing community and national programmes thus contributing to the sustainable development of fishing areas. In particular, they need to explain how Axis 4 will add value to:

- The other priority axes of the EFF taking into account that Axis 4 can be used to complement all of them.
- The actions foreseen by the EARDF particularly in priority axis 3 on the Diversification of Rural Areas and the Quality of Life and axis 4 LEADER.
- The actions foreseen by both the Regional and the Social Fund.
- Regional policy instruments, e.g. Interreg, etc.

#### **4. What are the existing local instruments and structures for helping the *sustainable* development of these territories?**

The Portuguese example above showed how, over time, a partnership developed under one programme / Community initiative can become a focal point for integrating and coordinating different policies and initiatives in a particular territory. However, the opposite can also happen. There are plenty of examples of “partneritis” where partnerships and local organisations connected to different departments and programmes compete with each other for projects and beneficiaries.

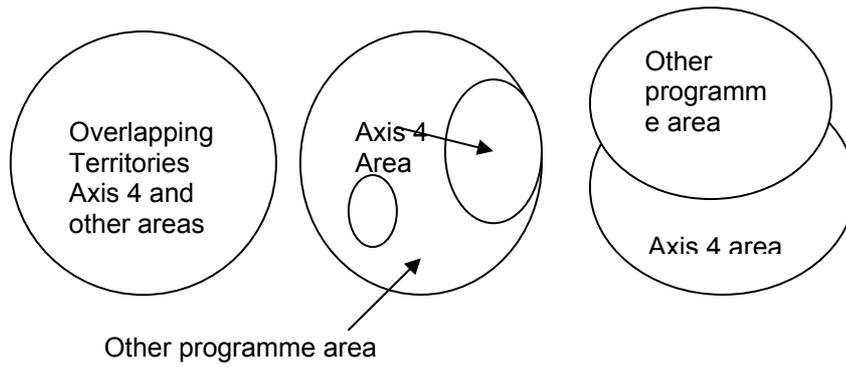
This is one of the main reasons why the Regulation for the EFF states that “The groups should, where possible, be based upon existing experienced organisations.” Member States should, therefore, explain what local partnerships exist and how their organisation and boundaries relate to those proposed for axis 4. For example, it will be particularly relevant to examine the relationship with the following organisations:

- LEADER Local Action Groups in all countries where they exist
- Rural Development Partnerships supported by other programmes such as PRODER in Spain or POMO in Finland.
- Partnerships to support local employment such as EQUAL and the old Territorial Development Pacts where they still exist.
- URBAN partnerships
- Local Partnerships set up in certain Member States to coordinate certain aspects of local development such as Regional Parks, “Pays”, “communautés d'agglomérations” in France, Area Management in Ireland and Local Strategic Partnerships in the UK

In designing the way in which these organisations can be used in Axis 4, it is important to consider the relationship between their existing territories and programmes and those of Axis 4. For example, many coastal areas are explicitly excluded from the areas of LEADER groups, because the size of the population and the levels of urbanisation and standards of living are higher than in the rest of the country.

There are at least 4 possibilities:

- The territories chosen for Axis 4 overlap with those of existing groups
- The Axis 4 areas form part of the areas covered by existing groups and partnerships. In these cases, the additional measures foreseen by Axis 4 will only be implemented in the smaller areas
- The Axis 4 areas only partially overlap with the areas of existing programmes and partnerships. In these more complicated cases it is important that there is coherence between the two territories and that the total area is not too large.



- The areas chosen for axis 4 are part of two or more other territories<sup>2</sup>

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<sup>2</sup> Example: the Thau basin, which may be the only area in Languedoc-Roussillon to benefit from axis 4, with both traditional fisheries at the port of Sète and significant oyster production in lakes. Ten councils are involved, 5 of which belong to the urban area of Sète and 5 others to that of Mèze. Another example: if we have a federation of small fishing ports along the coast of Finland, they will come under several LEADER catchment-areas.

## Chapter 3. Designing the content of axis 4: Vision, Objectives, Targets

### 1. What is the overall national vision and what are the priorities for the *sustainable* development of fisheries areas in your country?

Providing an overall vision for the sustainable development of fisheries areas is undoubtedly one of the most important steps in the design of a credible strategy. However, it is also one of the most complex and politically sensitive phases. As a result it is often left out.

In order to work, the vision should become the flag that unites key stakeholders behind the programme - so it is highly advisable to negotiate it with them. This generally involves finding a balance between those stakeholders who will not (publicly) admit to any change in the status quo and those who realise that it is essential to start finding alternatives before it is too late.

One of the most important lessons of these kinds of negotiations in other programmes is that it is essential to adapt the vision for the future to the realities of the types of area and the challenges they face, as described in the previous chapter on the context. A sure way to create unnecessary conflict is to try to squeeze different countries and fishing communities into a straightjacket that does not fit them. One of the great advantages of Axis 4 is precisely that it provides Member States with the flexibility to do this.

So the vision should lay down some broad principles about the role that fishing communities can play in society in the next 10-20 years. It should deal with some of the major issues like the maintenance of employment in a globally competitive and sustainable fisheries sector, the balance between fishing and other activities in those areas under the pressure of tourism and urbanisation, the role of fishing communities in the protection of the environment and the provision of new services to their own members and outsiders, the use of new technology to overcome some of the barriers of remoteness and so on.

### 2. What will be the main role of Axis 4 in achieving the vision for the sustainable development of fisheries areas?

As we saw in the introduction to this guide, the method being proposed by the Commission for Axis 4 offers fishing communities advantages over traditional top-down approaches. However, Initiatives like LEADER have shown that these advantages have different weights in different kinds of areas. In fact Axis 4 of the EFF can play a different role according to the national and local context and the stage of development of the areas it covers.

It is worth distinguishing between at least three main roles that Axis 4 can play in achieving the sustainable development of fisheries areas: that of stimulating endogenous *local development*, that of increasing the organisational capacity of fishing communities (*governance*) and that of breaking out of the vicious circles of decline by encouraging *innovation*. The importance given to these three aspects by each Member State affects both the strategy and the management of Axis 4.

#### ***Axis 4 as a tool for endogenous local development***

One of the main advantages of bottom-up approaches like Axis 4 is that they can mobilise more local resources for the development process. This happens both because local actors have a better knowledge of the resources opportunities available and because they feel a greater sense of ownership and commitment to the projects. However, local development goes through a series of stages. For example in the 80's and 90's, many of the poorer countries and regions of Southern Europe were preoccupied with building basic infrastructure and services. In many of these areas it was necessary to create the municipal level of government from scratch. These nascent public authorities were often the main or only actors on the local development scene.

In areas like these, there is obviously a huge need covering the cost of basic investments which can easily swallow up a programme like Axis 4. In these kinds of contexts, programmes like LEADER have played a crucial role in supporting certain key projects which do not just satisfy basic needs but put the area in a better position for generating sustainable development. Local

partnerships often require the support and understanding of central and regional governments for targeting the investments that can have most impact over the medium and long term in the face of pressures to spend resources.

On the other hand, some countries and regions already have a range of tools and development agencies which deal with local development. In these cases it makes less sense to use axis 4 for these purposes.

So the implication of using Axis 4 as a tool for endogenous local development is to *focus on the weaker fisheries areas and communities with greater needs.*

**Axis 4 as a tool for building the organisational capacity of a fisheries area**

Programmes like Axis 4 can also play a major role in the governance of local development. For example, in certain countries, like Spain, LEADER partnerships have played a major role in bringing together all the public, private and civil organisations operating in a given territory and slowly creating the methods and habits of working together for common goals.

In regions like Extremadura, LEADER has forged a sense of local identity which goes *beyond* narrow village boundaries. The boundaries for many local government services have subsequently been reorganised to fit the territories built by the LEADER partnerships.

In other counties there are already powerful organisations or partnerships that lead the development process so there is no sense in creating yet another layer.

If the main aim of Axis 4 is to use it as tool for building the organisational capacity of fisheries areas *this tends to imply a fairly broad coverage of fisheries areas. (This is why certain countries have covered nearly all rural areas with LEADER partnerships) It also means developing trust, long term structures, experience and expertise.* This has a major impact on the selection and recruitment processes for the local action groups.

Focus	Territorial implications	Implications for selection of partnerships
Endogenous development local	Broad territorial coverage. Focus on areas of greatest need	Prioritise indicators of need and the quality of the strategy to deal with it. Risk: more of the same; may not break spirals of decline.
Governance	Broad territorial coverage. Cover as many areas as possible	Prioritise experience, quality of partnership, balanced representation, institution building. Risk: dispersion, dilution of budget, intangible results.
Innovation	Narrow territorial coverage. Focus on areas with most capacity for generating solutions that are relevant for other areas	Prioritise innovatory capacity and ability to transfer ideas. Select the best. Risk: leaves out weaker remote areas.

**Axis 4 as a tool for stimulating innovation**

Within bottom up local development strategies innovation is not defined in terms of hi tech novelties. It is simply seen as breaking out of a “more of the same routine” and finding new solutions to an area’s needs. In this sense every area, no matter how undeveloped, can benefit from an innovation strategy adapted to its most pressing problems.

However, at the same time, there is no question that the capacity and energy for innovation tends to be greater in those areas that have other ways of dealing with their most immediate

needs. These areas are more likely to develop solutions which can be transferred through networks to other fisheries areas.

So if Axis 4 is used primarily as a tool for stimulating innovation it will probably be better to be more rigorous in the selection criteria and to focus on projects which stimulate transferable outputs rather than long term structures.

**3. What are the specific objectives of the Member State for the different types of area that should benefit from Axis 4? What targets and verifiable indicators will be used to monitor change?**

Once Member States have clarified the vision that they have for the different types of fisheries areas in their country, it is recommendable to translate this into a set of *specific* objectives. These should obviously be more precise than the general objectives set for Axis 4 in article 40.2 of the (draft) Regulation of the EFF.<sup>3</sup>

Where possible, targets should be set for each main objective. Many of the benefits of bottom-up approaches like Axis 4 are immaterial, so it may be difficult to provide quantifiable indicators in every case. However, for the simple purpose of learning from and improving on experience, an effort should be made at least to set *verifiable* targets and indicators.

Below the Commission has provided an example of how the analysis of the main challenges faced by different types of fisheries areas in Lithuania can be translated into a set of specific targets for Axis 4.

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<sup>3</sup> a) Maintain the *economic and social prosperity of these areas and add value to fisheries and aquaculture products*; b) *maintain and develop jobs in fisheries areas through support for diversification or the economic and social restructuring of areas facing socio-economic difficulties as a result of changes in the fisheries sector*; c) *promote the quality of the coastal environment* d) *promote national and trans-national cooperation between fisheries areas*

Region	Type of fisheries areas	Main challenges	Quantitative evidence	Specific objectives and targets
Lithuania (entire country)	Klaipeda region with a special focus on the Curonian lagoon (Baltic Sea gulf, which is considered inland waters), and coastal fisheries areas within the region. Several municipalities of this region cover concentrated small fisheries communities and have the highest employment in fisheries in the country. The region has a high concentration of popular resorts. Klaipeda municipality has the biggest port in the country, thus it is better developed and has more potential and income coming from the port activities. Other fisheries communities are dispersed along the coast.	Curonian lagoon and the split is environmentally a highly vulnerable area for infrastructure and any industrial development (it is under UNESCO and Natura 2000 protection); The state of stocks is becoming increasingly sensitive both in the Baltic coast and the Curonian lagoon; Limiting seasonality factor for fishing activity and tourism; Encouraging local initiative, lack of experience in similar actions; Difficulties for providing private share in the financial participation;		Create alternative income possibilities by diversifying fishing activities, especially employing the potential of eco and fisheries tourism; Enhance the quality of fisheries products by improving the conditions of the landing sites and create sales points; Improve relationship between different actors of the market chain; Promote inter-regional and trans-national cooperation in the region; Promote the quality of the coastal environment and traditional heritage;
	Relevant areas with the highest concentration of inland water bodies (the regions of Utena, Alytus and possibly Kaunas lagoon)	Selection of relevant areas, co-operation between them as well as different interest players (especially commercial fisheries, aquaculture and recreational fishing tourism); Low income and lack of investments; Low employment rate and few alternatives for diversification of fishing activities, especially in the rural areas; Increasingly low profitability of the inland fisheries sector; Fishers are dependent on seasonality limitations; Some areas are under Natura 2000 protection		Diversification of fishing activities by creating alternative income possibilities (e.g. recreational fisheries and rural tourism); Improve the production chain (e.g. processing and aquaculture facilities, distribution of products, the link between fishers and buyers and marketing);

Source: EC DG FISH

## Chapter 4. Designing the content of axis 4: Planning and resources

In parallel with the process of working out what *needs* to be done, described in the last chapter, Member States have to decide what *can* be done with available resources. This means answering a series of questions which are presented below. In order to provide some guidelines of how similar programmes have answered these questions, we have provided figures from the final evaluation of the LEADER II programme. We have also taken into account lessons from other similar programmes like URBAN, EQUAL, the Territorial Pacts and INTERREG.

### 1. What should be the size of the territories?

Axis 4 says that “the territory covered by one group should be coherent and should have sufficient critical mass in terms of human, financial and economic resources to support a viable local development strategy”. LEADER also fixed the lower limit for its territories in the same flexible terms, however, it set an upper limit of 100,000 inhabitants.

*In fact the average population size of LEADER II groups was 55,012 inhabitants over a territory of 1,557 square kilometres and a density of 35.3 inhabitants per square kilometre.<sup>4</sup> However, this hides very large variations. The average number of inhabitants was over 90,000 in densely populated countries like Germany and as low as 10,000 inhabitants in more sparsely populated areas elsewhere. Similarly the density of population varied from 1 inhabitant per square kilometre in the far North of Europe to almost 200 in Holland.*

So the averages can be taken as a basic guideline, but it is clear that the size of the territory must be adapted to the realities of each country. In this sense, each Member State needs to take into account at least the two following factors:

- The larger the territory - the greater the critical mass. There are more likely to be economies of scale in managing the programme and possibly (but not necessarily) the area may conform more closely to a functional (and sustainable) labour market area .
- The smaller the territory - the easier it is to connect with local people, increase local participation, and build organisational capacity and local identity. So if these are the main aims of Axis 4, the areas should not be too large.

So as mentioned above, the size of the territories must really correspond with the way that each Member State wishes to use Axis 4 to address the challenges facing its fisheries areas.

### 2. What is likely to be the number of areas affected and what is the range of budget?

In the table below we provide an analysis of the total budget, the number of local action groups, the private co-financing and the budget per group in LEADER II. A number of very important lessons can be drawn for Axis 4 from this experience.

First of all, the average total budget per group was around 3.6 mio euros for the period 1994 - 1999 (in reality a period of implementation of a maximum of 5 years depending on the start). This means a total investment of around 0.720 mio euros per group per year.

However, the budget varies enormously between the 8.5 mio euros per group in Spain and 1.5 mio euros in Belgium. Among the countries with the highest budgets per group one finds Spain (8.5 mio euros), Portugal (6.3 mio euros), Greece (4.6 mio euros) and Ireland (4.3 mio euros). In all these countries, LEADER played an important role in the local development and

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<sup>4</sup> The size of URBACT II neighbourhoods ranges from 10,000 Amadora Portugal to 62,000 in Amsterdam. The Territorial Pacts tended to be much larger because they were in fact pacts between local institutions with the aim of increasing their critical mass and economies of scale. The 89 Territorial Pacts followed very diverse strategies in different countries and ranged from 16,000 to 3 million inhabitants.

governance of rural areas. The total budget was high but so, generally, was the private co-funding. This is because they were using the programme to grant aid to local firms (55% private co-funding of the total budget in Spain, 46% in Portugal, 41% in Ireland and 39% in Greece).

However, at the other extreme one finds richer countries like France (budget per group 2.2 mio euros – private cofinancing 21%) Germany (budget per group 2.1 mio euros – private cofinancing 25%), UK (budget per group 1.5 mio euros – private cofinancing 32%). In these cases LEADER is really being used heavily to fund the immaterial, more innovative actions that are not already covered by other programmes.

The lesson is clear. If the aim is to kick-start local governance and local development, the budget needs to be larger and it is possible to lever in a larger private sector investment.

If the aim is to support the most innovative (and risky) projects then the budget can be smaller but cut back expectations on the levels of private sector involvement.

#### Basic facts about Leader II

Member State	Initial Budget (1)	Number of groups	Private cofunding %	Budget per group (2)
AT	72.176	40	46,9	1.648,3
BE	28.538	18	59,2	1.503,1
DE	399.009	165	24,9	2.161,5
DK	26.716	12	45,0	1.573,1
ES	1.162.140	133	55,5	8.505,8
GR	263.600	56	38,8	4.575,0
FI	76.469	22	31,0	3.138,0
FR	477.084	171	21,0	2.195,0
IE	165.577	37	41,4	4.300,6
IT	753.966	203	30,0	3.454,3
LU	4.849	2	11,1	2.036,0
NL	35.165	4	39,1	8.288,5
SE	85.870	12	25,8	2.831,1
PT	156.785	54	46,3	6.311,0
UK	160.365	69	31,8	1.958,2
Total EU	3.868.337	998	38,5	3.568,8

1) Thousand euros. All measures. 2) Thousands of euros. Only measure B “Local innovation strategies” not “cooperation or capacity building”

Source: Adapted from the Ex post Evaluation of the Community Initiative Leader II. European Commission, 2004.

### 3. What will be the duration of local action plans and how will fisheries areas be prepared for them?

Obviously, the duration of the project will affect the amount of investment that the local groups can make each year. In fact the total budget for LEADER II was considerably larger than in LEADER I, but the contribution of the European Commission fell from 0.6 mio Euro per group and year to 0.3 mio Euro per group and year because there were more groups operating over almost twice as long.

Member States should indicate when they plan to start Axis 4 activity. Starting within 3 years of programme approval would be an appropriate deadline for the effective implementation of axis 4.

It is possible to organise one call at the beginning of the period or have two waves of projects. However, it should always be remembered that local development and capacity building is a long term process. The minimum time for starting to see the effect of local strategies is around five years. In fact, some countries are establishing ten year funding periods for bottom-up integrated local development programmes (for example, the New Deal for Communities in the

UK). The time scale can be shorter if the aim is to implant a particular type of innovation (e.g. the application of information technology to certain parts of the fisheries sector).

In countries with no previous experience of running area-based partnerships and strategies, it is advisable to programme in an initial capacity building phase for helping local groups to organise themselves and prepare the local development plan using the eligible measure (i) for a short period (6 months to 1 year). However, in these cases, it is important to ensure that there is a smooth transition from the capacity building to the implementing phase and that enough time is left for the latter.

Even where there is experience in integrated bottom-up local development strategies, it is important to ensure that the fishing communities themselves are prepared for their role. So Member States should explain how they plan to help the areas in preparing their development strategy (technical assistance, seminars, local capacity building...).

#### **4. What is the strategy for finding match funding?**

This is crucial for the margin for manoeuvre on both the overall strategy and the individual measures. Groups which do not have an a priori commitment to receive match funding have to spend far more time looking for support and this conditions the measures that can be undertaken – often moving them away from the original local development strategy.

The experience of other programmes shows that “a small match-funding tail can often wag a much larger financial dog”. So once again, the match funding strategy must be adapted to the role that Axis 4 is expected to play. For example, if there is a high percentage of private co-funding, the actions will have to revolve around things that existing firms are prepared to invest in. If there is a high percentage of municipal match-funding, this is likely to swing the projects towards small-scale local infrastructure and services to the population.

In general, it is difficult to get organisations to provide match funding for projects they do not benefit from directly. So it must be remembered that if the actions are centred exclusively on the fisheries sector, it will be harder to obtain match funding from other sources and it may even be difficult to get other local stakeholders to participate in the partnership.

Risky innovatory projects, cooperation and immaterial projects like training and research and development generally require higher levels of core funding and more flexible procedures than other projects.

#### **5. Is the budget per group sufficient for covering all the areas planned and the running costs of the group – including animation and administration of the programme?**

Running costs of the group are made up of two main elements: the basic administration and financial management of the programme and the role of animating and building the capacity of the local community.

- *The basic administration and financial management of the programme.*

The local group has the responsibility for drawing up a local strategy and selecting projects which meet its aims. This means publicising information about calls for tender, designing selection criteria, analysing project proposals and selecting the projects, certifying that the expenditure has been carried out according to the funding agreement, making payments to beneficiaries and preparing all the documentation required by the intermediary and payment authorities.

These basic administrative and financial tasks have to be carried out with the utmost rigour or the entire programme can be called into question. The minimum staff required for such functions are usually a qualified group manager and an administrative assistant. The staff need to be qualified and/or experienced in the financial and administrative management of projects of

this kind. Some countries hand over the financial management to a recognised public body even though the selection of projects is carried out by the group. In Spain, all dossiers approved by the Leader local action groups are checked for procedural issues by an external recognised advisor from the local municipalities (Responsable Administrativo y Financiero) before being sent to the Managing Authority.

Axis 4 specifies that the “running costs of the groups may not as a general rule exceed 10% of the total budget allocated to a fisheries area. By derogation, Member States may decide to exceed this threshold on a case by case basis, in particular when the groups cannot be established on the basis of existing experienced organisations”. *So Member States must ensure that the minimum budget set for each group is enough to cover these necessary costs. Obviously, this becomes harder with a very small budget per group.*

With the exception of on-site visits to check whether the investments have been carried out, all the tasks mentioned above can be carried out in a passive way from a central office. They can be considered as the routine transaction costs of the project. However, this is clearly not the main function of the local groups.

- *Animation, technical assistance and capacity building.*

Most local groups in programmes like LEADER insist that the main part and value of their work comes from a second set of activities. This includes informing, advising, animating, training, capacity building and acting as a broker with the different stakeholders that make up their community. If they do not play this role they say that only the strongest organisations, companies and areas will take part. So their function is to animate the weaker members and areas of the community, to provide them with the technical assistance they cannot find on their own, to tease out new ideas that would not normally emerge, to help overcome the conflicts that exist in every community, to create a culture of working together for common goals, and slowly to forge a strong identity and an image of the territory.

This requires both more resources and different skills to the financial and administrative functions mentioned above. The countries that have used LEADER to improve the organisational capacity and local development of their rural areas usually have a team of 4-5 people. The team requires both the economic and technical skills needed to assess and support the viability of local projects together the ability to listen, communicate and identify with the pulse of the local community.

It requires time to train and build up the experience of a good local partnership and team.

This is why many countries that have used programmes like LEADER to improve the governance and local development of rural areas argue that the partnerships and technical teams are one of the most precious assets they have. They want to improve the quality of the groups by providing continuity and not subject them to the insecurities of relatively short term calls for tender.

One can envisage at least two scenarios for Axis 4 groups.

- If the programme is relatively large, the area is well organised and Axis 4 uses an existing support structure, then the 10% is likely to be sufficient to cover the running costs of both administration and animation.
- However, if the programme is relatively small, the area is relatively unorganised and it is necessary to set up a new organisation, then 10% may not be sufficient<sup>5</sup>.

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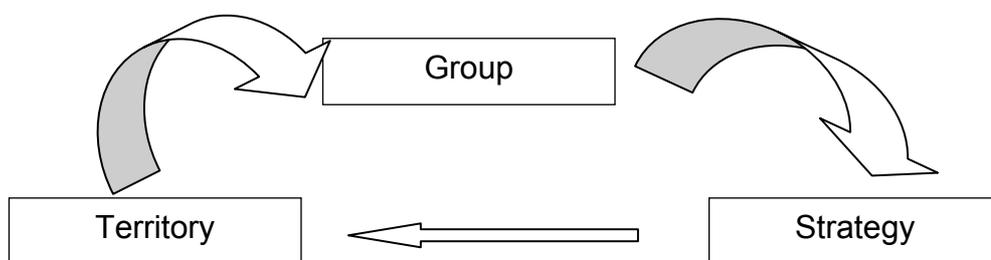
<sup>5</sup> Some countries like France have opted in Leader+ for the following system: administrative and financial management is limited to a maximum of 10% - of which 1% is reserved for evaluation; animation 10%.

## 6. What types of measures and types of beneficiaries and over what territories?

The detailed distribution of the total budget for Axis 4 will only become apparent after the local groups have presented their plans and been selected. However, it is generally useful for the MS to have an indicative budget, to think about how they can use the measure in Axis 4 to obtain their vision and objectives for fisheries areas. This will in turn shape the most appropriate areas that they choose for the programme.

The territorial approach adopted by Axis 4 fundamentally changes the way in which local areas are perceived and defined. The territories are no longer seen as “bureaucratic regions” or passive containers with fixed administrative boundaries that depend on public transfers. Instead they become “project-based regions” – active, learning organisations which work together for a common goal.

This approach changes the logic for defining the boundaries of Axis 4 areas. It is no longer possible to start from fixed administrative boundaries, consider their needs and look for someone (usually from outside) to solve it. The cycle has to start with the actors in the territory and their strategy for the future. The precise boundaries of the territory depend upon who wants to do what with whom.



The “Holy Trinity” of Territorial Development

In other programmes this has led to territorial strategies of “variable geometry”. The core actions envisaged take place within the territory itself but the actors use the *measures for cooperation* to learn from and form alliances with other territories. Eventually these alliances may consolidate to form new boundaries.

The margin for manoeuvre that fishing communities have for following this process depends very much upon the nature of the measures that are eligible in Axis 4 (and how these can be used to lever in other programmes and resources). These measures are presented in the table overleaf.

The MS need to consider these measures as the “armoury” of tools open to fisheries areas for fashioning a coherent development strategy in a particular area. It can be seen that each measure has different implications for the proportion of private cofinancing, the beneficiaries reached by the programme and the kind of actors that might be interested in taking part in the partnership. So it is important to take these measures into account when designing the areas for Axis 4.

The eligible measures under Axis 4 are as follows:

<b>Eligible Measures</b>	<b>% Budget</b>	<b>Type of project</b>	<b>Types of beneficiaries</b>
(a) strengthening the competitiveness of the fisheries areas;		Mainly private	People in all economic sectors
(b) restructuring and redirecting economic activities, in particular by promoting eco-tourism, provided these actions do not result in an increase in fishing effort ;		Private	Workers in the F sector or linked to it
(c) diversifying activities through the promotion of multiple employment for fishers through the creation of additional jobs outside the fisheries sector ;		Mainly Private	Workers in the F sector or linked to it
(d) adding value to fisheries products;		Private	As above + unemployed people
(e) supporting small fisheries and tourism related infrastructure and services for the benefit of small fisheries communities;		Public (infra + services) Private (services)	Public authorities Workers of any kind Unemployed
(f)* protecting the environment in fisheries areas to maintain its attractiveness, regenerating and developing coastal hamlets and villages with fisheries activities and protecting and enhancing the natural and architectural heritage ;		Public	Public authorities
(g) re-establishing the production potential in the fisheries sector when damaged by natural or industrial disasters ;		Private	Workers in the sector
(h)* promoting inter-regional and trans-national cooperation among actors in fisheries – areas, mainly through networking and disseminating best practice ;		Public	Group members
(i)* acquiring skills and facilitating the preparation and implementation of the local development strategy ;	Up to 15%	Public	Members of the group Workers in the sector or linked to it
(j)* contributing to the running costs of the groups.	Up to 10%	Public	Group

When thinking of the groups and territories for Axis 4, the MS should bear the following points in mind:

- There are four totally public measures which are unlikely to receive any private co-financing (f, h, i and j). Measure e for “supporting small fisheries and tourism related infrastructure and services for the benefit of small fisheries community” is also likely to be mainly public. The (draft) EFF regulation says that for Axis 4 “the majority of operations shall be led by the private sector”. So to fulfil this condition, the public measures will have to be limited to a certain proportion of the budget.

- Four of the five private measures apply only to workers in the fisheries or persons with a job linked to the sector (b,c,d, g) although unemployed people could also benefit from measure d.
- Measure a refers to strengthening the competitiveness of fisheries areas and can therefore include all economic sectors and may be even the public sector, in so far as it creates the conditions for competitiveness. This action will probably be the main magnet for broadening the local partnerships beyond representatives of the fishing sector.
- Public, tourist and environmental organisations will also be interested in measures e, f, h, i.

*In annex 1 we have provided good practice examples of the kinds of projects that could be funded by the different Axis 4 measures using examples from LEADER, PESCA, EQUAL, INTERREG, FIG, etc.*

## **Chapter 5. Designing the content of axis 4: The selection of the groups and the administrative and financial circuits,**

### **1. What will be the selection criteria and procedures for the groups? Do these ensure coherence between strategy-territory and partnership?**

The (draft) Implementing Regulation for the EFF says that “the operational programme shall specify the procedures and the criteria for selecting the fisheries areas”. However, the Member States have a certain flexibility deciding how they do this.

The selection and setting up of the local groups and their corresponding territories is probably the most important phase of the entire programme. So it is important that the procedures and criteria are not simply seen as a mechanical process. The MS need to design them to select the groups, strategies and territories that fit their vision for fisheries areas in their country.

#### **The selection procedure**

The (draft) Implementing Regulation for the EFF states that the procedures must be:

- Transparent
- With adequate publicity
- And guarantee competition where relevant, between the groups putting forward local development strategies.

In other words, if the Member States decide not to hold a public call for tender they must at least demonstrate that the stakeholders have been informed about the possibility of applying for Axis 4 and that the decision making process is clear to them.

This means information about axis 4 should be as wide-ranging as possible. Such information will be provided using all the usual methods of communication (publications, websites, etc). On the ground, it will be incumbent on national regional governments to arrange dissemination of the information.

The level of selection must be the one best suited to the distribution of expertise within the member state, between national and regional levels. Apart from involving the government in charge of fisheries, co-operation with the other Ministries concerned with geographical aspects of axis 4 would be useful.

Selection would take place at two different times in order to enable areas that are not adequately prepared on the date the procedure starts up to apply subsequently, but the second selection must not be delayed longer than two years after the first. If two phases are chosen, care should be taken to ensure that there really is enough time to implement a bottom-up local strategy.

If the Member State decides to go ahead with a call for tenders, it must ensure that the selection committee is made up of all representatives of public and private partners of fishing zones. For example, a typical selection committee might be made up in the following way:

- the various ministries involved
- the main locally-elected associations
- experts, academics
- main fishing organisations and associated industries
- representatives of controlling institutions at fishing ports
- consular chambers
- the financial authority

## **Selection criteria**

The selection criteria must take account of at least 3 key aspects:

- ***The nature of the territory***

- Here the (draft) EFF Regulation states that the “areas must be limited in size and, as a general rule smaller than NUTS 3.”
- “The area must also be sufficiently coherent from a geographical, economic and social point of view.”
- The Regulation also states that the territory should have sufficient critical mass in terms of human, financial and economic resources to support a viable local development strategy
- The priority areas should *either* have a low population density *or* fishing in decline *or* small fisheries communities

These minimum criteria open up at least two possibilities for Member States:

- There are sufficiently large, continuous and coherent areas in the MS to carry out the strategy
- Fishing communities are dispersed and too small on their own to carry out a viable strategy. In this case, one possibility is to group discontinuous areas on the basis of a common theme or challenge.

Where possible, Member States should try to respect the boundaries of areas supported by other programmes.

- ***The quality and experience of the partnership and local groups***

According to the (draft) EFF Regulation, the local groups should meet the following minimum criteria:

- They should represent “public and private partners from the various local relevant socio-economic sectors and according to a principle of *proportionality*”. Here the aim is to achieve a balance between the socio-economic composition of the area and the composition of the partnership. In general, no single group should dominate.
- “With *adequate administrative and financial capacity* to administer the assistance and ensure that the operations are completed successfully.” Some local groups may have this expertise within their organisations whereas, in other cases, it may be necessary to use (one of the member of the partnership or) an external body with the ability to manage public funds.
- “The group should, wherever possible, be based on existing experienced organisations”. This can help with both the administration of the programme and the animation of the territory.

- ***The quality of the strategy proposed.***

When it comes to the development strategy, the (draft) 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”

- “The majority of the operations shall be led by the private sector”
- The (draft) Implementing Regulation also adds that the strategy must “adopt a global approach, based on the interaction between actors, sectors and operations. In all cases it must be demonstrated that the local development strategy is not just a collection of operations or a mere juxtaposition of sectoral measures”.
- According to the (draft) Implementing Regulation the strategy must also “demonstrate its basis and coherence with the fisheries area particularly in socioeconomic terms.”
- It must also prove its sustainability.

However, the (draft) Implementing Regulation says that “these criteria will constitute the minimum which could be supplemented by specific national criteria. So Member States can add additional criteria which specifically help them to select the best groups and areas for implementing their goals for fishing communities.

For example, in France the categories above were further broken down into the elements listed below for the selection of LEADER + groups. In the appendix we provide an example with the detailed criteria used by France to select groups which were intended to play an important role in stimulating innovation through a series of immaterial actions. However, MS should never simply copy the selection criteria developed for other contexts and purposes.

<b>Categories of selection criteria used in France for Leader</b>
<ul style="list-style-type: none"> <li>• relevance of the territory</li> <li>• organisation of the LAG (composition, ability to organise and manage)</li> <li>• co-ordination of the project with other territorial policies</li> <li>• innovative character of the programme and proposed initiatives</li> <li>• proposals relating to participation in networking and co-operation</li> <li>• coherence of the financing plan</li> <li>• monitoring and evaluation procedures</li> </ul>

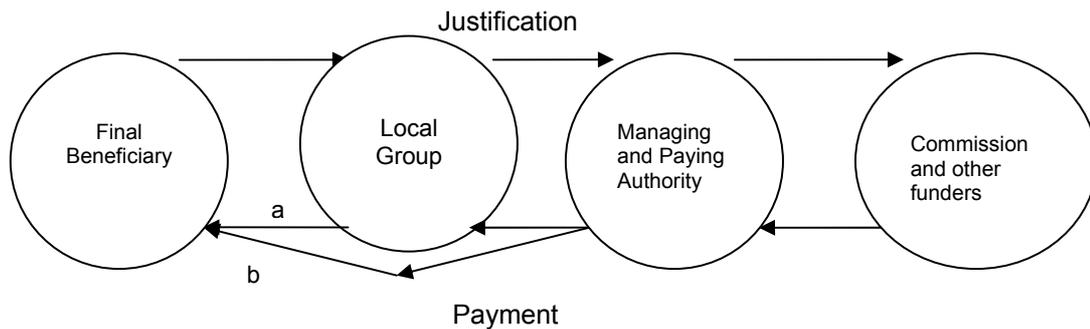
It should be noted that early results from the interim appraisal of other programmes points to the fact that it is important to go beyond formal, paper compliance with these kind of selection criteria towards implementing them in reality on the ground.

**2 ) How will the administrative, management and financial circuits be organised?**

The evaluations of programmes like LEADER also show that if the administrative and financial circuits are not organised adequately, then they can wipe out all the potential gains of the bottom-up integrated territorial approach.

The implementation and managerial systems must have simplification as their goal, without damaging the principle of sound and strict management.

We can distinguish at least four main actors in the financial circuit: the final beneficiaries, the local groups, the managing and payment authority and public fund providers (the Commission, National Ministries, Regional Governments, local authorities and so on).



If the programme is to work, final beneficiaries must perceive that the funding from Axis 4 is more adapted to their needs than they could get through other means, if available (speed, flexibility, reliability, and so on).

This depends on a number of factors.

- a) *Whether the group has complete autonomy in selecting the projects or has to check with the MA or some other body.*

According to the (draft) EFF regulation, this check should *only* be for eligibility. However, the interpretation of eligibility can some times be very wide. LEADER groups in Spain for example are all subject to different kinds of eligibility check by their respective regional government. If there is an eligibility check, it is useful to establish a minimum of clear simple rules and principles, rather than trying to define everything. There are now IT programmes which considerably speed up the process. On the other hand, Portuguese LEADER groups do not have to have an eligibility clearance.

- b) *Whether the group is actually responsible for certifying and paying the final beneficiary or whether it just passes a recommendation to the Managing and Paying Authority*

There are two main models for certifying and paying the final beneficiary:

- A decentralised model where the group is directly responsible for the initial certification of completion of the investments and payment
- A centralised model where the group simply passes a recommendation for payment to the Managing and Paying Authority.

Both systems have been used for LEADER groups in France and England. There are advantages and disadvantages for both methods, but it comes down to what is more effective in practice. For example, in LEADER, some authorities are able to make payment directly to the beneficiary very speedily after receiving the documentation from the group without interfering in the decision.

However, in other cases this involves a laborious process of double checking, which considerably slows down procedures and diminishes the group's ability to take decisions and deliver results. In the worst cases, it creates yet another layer of bureaucracy and destroys the very essence of the bottom-up approach.

- *The size and speed of advances to the group*

Current Structural Fund regulations limit advances from the Commission to 7% of the EU contribution. In some cases, the Managing Authorities pass on these rules to the groups. This can cause major liquidity problems (e.g. the Spanish Leader Groups below). However, in principle, there is nothing stopping the Managing Authority making larger and more frequent advances and/or interim payments to the groups.

- *Whether the group actually has to pay out the money before receiving payment.*

The Structural Fund Regulations specify that the Commission will not actually make a payment until it has received proof that the beneficiary has actually been paid. If advances and interim payments are not sufficient to cover this, then someone has to shoulder the burden. The question is whether it is the Group or the Managing Authority. For example, in some regions of Spain, LEADER groups have to make the payment by taking out a loan. This has the advantage that they can pay the final beneficiary within two weeks of certifying the investment. On the other hand some Groups have a debt of between 600,000 and 1 million euro.

In other regions and countries, the Leader group passes its certification up to the Managing and Paying Authority and waits for payment. This avoids liquidity problems, but in Portugal the system has led to delays of 5-6 months in paying final beneficiaries. The Groups argue that many of the smaller more innovative projects have collapsed because of this and that they are losing credibility with their communities.

- *The speed checking and certifying the documentation at each stage and the speed of transferring the funds.*

In some countries, Managing and Paying Authorities are well staffed and extremely streamlined, so it is impossible to process the dossiers faster than they can. However, in other countries, the local groups are precisely a way of overcoming long bottlenecks in the system.

- N+2 rules. Bottom up local development strategies can take a considerable amount of time to get off the ground particularly when it comes to the more innovative, risky projects and those concerning transnational cooperation. So the Managing Authorities should build this into their programming to avoid having to return unspent money after 2 years because of the N+2 rule.

## **PART B LOCAL LEVEL**

### **6. Defining the area**

- What area is being proposed and how does this relate to the territorial priorities of the MS?
- What is the size? Does it have critical mass? ....
- Is it sufficiently homogeneous? Is the area continuous? Does it fit with administrative boundaries?
- How can participation be organised over the area?

### **7. Designing effective local development strategies**

- Has the area carried out a participative analysis of the area (SWOT) which takes account of long term challenges?
- Is there a shared vision of the future of the area and of the priority axes for development?
- Does the local development strategy reflect the needs of the territory, the vision and the priority axes?
- How does the strategy ensure synergy with the other axes of the EFF and with other Community instruments to obtain maximum leverage for the area?
- Is the local action plan for axis 4 coherent with this vision and are the actions integrated with each other?

### **8. Organising the partnership**

- 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?
- Is there a tradition of cooperation between the fishing communities involved in the group?
- What is the role and involvement of local authorities? What is the weight of the private sector?
- How will groups that are under-represented be involved in the local partnership? (women, young people, environmental groups, cultural groups, private businesses....)
- What are the actions for establishing channels of communication, building trust, motivating, capacity building?
- What will be the structure and organisation of the partnership? How does this involve the actors above?
- What is the role of the local partnership in the selection of local projects and in other policies in the area?

### **9. Assuring the effective management of the local development strategy**

- What is the proposed system for managing the local action plan in the most efficient way at an administrative level?

- Is there an efficient division of labour between local and regional or national bodies? (e.g. direct management by the local group, administrative management by one of the partners of the group or by an intermediary body or by a regional or national administration)

#### **10. Exchanging good practice and networking?**

- What are your expectations and interests in respect of networking and sharing good practice with other groups?
- Which activities do you wish to develop that might be of interest to groups elsewhere?
- Which of the topics or activities that you are developing might have a broader national or European policy impact?
- What is the budget for participation in networking activities and cooperation at a national and European level?

### **ANNEXES**

**Annexe 1.      Examples of good practice from other programmes**

**Annexe 2.      Outline of the main types of evaluation processes**