



EUROPEAN COMMISSION

European Structural and Investment Funds

Guidance for Member States and Programme Authorities on  
Community-led Local Development in European Structural and  
Investment Funds

**DISCLAIMER**

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This guidance is of non-binding nature and it complements the related legal acts. It has been drawn up on the basis of:

- Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal – referred to in this guidance as "the ETC Regulation"
- Regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) No 1080/2006 - referred to in this guidance as "the ERDF Regulation"
- Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the ERDF, the ESF, the CF, the EAFRD and the EMFF and laying down general provisions on the ERDF, the ESF, the CF and the EMFF and repealing Council Regulation (EC) No 1083/2006 – referred to in this guidance as "the CPR"
- Regulation (EU) No 1304/2013 of the European Parliament and of the Council of 17 December 2013 on the European Social Fund and repealing Council Regulation (EC) No 1081/2006 – referred to in this guidance as "the ESF Regulation"
- Regulation (EU) No 1305/2013 of the European Parliament and of the Council of 17 December 2013 on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No 1698/2005 – referred to in this guidance as "the EAFRD Regulation"
- Regulation (EU) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations (EC) No 2328/2003, (EC) No 861/2006, (EC) No 1198/2006 and (EC) No 791/2007 and Regulation (EU) No 1255/2011 of the European Parliament and of the Council – referred to in this guidance as "the EMFF Regulation".

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## 1 INTRODUCTION

Community-led local development (CLLD) is a tool for involving citizens at local level in developing responses to the social, environmental and economic challenges we face today. CLLD is an approach that requires time and effort, but for relatively small financial investments, it can have a marked impact on people's lives and generate new ideas and the shared commitment for putting these into practice.

The Commission expects CLLD to facilitate implementing integrated approaches among the European Structural and Investment Funds (ESI Funds) concerned to achieve at local level the 11 thematic objectives set out in the CPR. The Commission encourages the use of CLLD as it also allows local communities to take ownership of the objectives of the Europe 2020 Strategy. In line with the Common Strategic Framework<sup>1</sup>: “*Member States shall promote the development of local and sub-regional approaches, in particular via community-led local development [...]*”.

The main purpose of this guidance issued by four Directorates-General of the European Commission<sup>2</sup> is to help the authorities in the Member States to create the conditions for effectively using CLLD in their Partnership Agreements and to design it in their respective programmes.

The guidance starts by explaining **what** are the main principles of CLLD proposed in the CPR and **why** Member States can find them useful for meeting the specific goals of EU funds in different types of area. Having clarified the results that can be expected from CLLD, the following chapters then take managing authorities through a series of steps to help them decide **how** to programme CLLD in the most simple and effective way in the Partnership Agreements in the different programmes and in the more detailed national arrangements for delivery. In brief, managing authorities need to follow a number of interrelated steps:

- They need to take a series of strategic decisions about how they will use CLLD in all the four Funds in the **partnership agreements**. These include the main challenges to be tackled, the main objectives and priorities, the types of territories, the approximate budget for each fund, the proposed method of coordination and the use (or not) of joint funding, the role of LAGs in delivery and the use of preparatory support. Chapter 3 of the guidance explains these issues.
- These strategic decisions depend in part on more detailed decisions to be taken in each **programme**. These include the principles for the identification of the areas, the procedure for the selection, approval and funding arrangements and indicative budget applications. The main principles that should be followed in CLLD are described in chapter 4, the implementation options in chapter 5, the procedures for funding in chapter 6, and the process of selection in chapter 7. Finally, chapter 8 deals with the different types of support for CLLD and chapter 9 rounds up with some information about monitoring and evaluation.

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<sup>1</sup> Annex 1 CPR, point 3.3.2.

<sup>2</sup> DG Agriculture and Rural Development, DG Employment, Social Affairs and Inclusion, DG Maritime Affairs and Fisheries and DG Regional and Urban Policy. This document was drafted with the support of CLLD experts: Paul Soto and Peter Ramsden.

The main principles for CLLD are laid down in Articles 32-35 CPR. There are complementary fund-specific rules for EAFRD (LEADER) and EMFF in the respective regulations. Part 2 of the CPR and fund-specific rules for the ERDF and ESF, as well as the specific rules for ETC also include some important requirements, which will apply whenever CLLD is funded by those funds. These have been strongly influenced by the ‘seven principles of LEADER’<sup>3</sup> as well as the experience of other programmes like URBAN and URBACT, EQUAL and Axis 4 of the EFF.

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<sup>3</sup> In the EAFRD Regulation (1698/2005, Art. 61) the LEADER approach shall comprise at least the following elements:

- (a) area-based local development strategies intended for well-identified sub-regional rural territories;
- (b) local public-private partnerships (hereinafter local action groups);
- (c) bottom-up approach with a decision-making power for local action groups concerning the elaboration and implementation of local development strategies;
- (d) multi-sectoral design and implementation of the strategy based on the interaction between actors and projects of different sectors of the local economy;
- (e) implementation of innovative approaches;
- (f) implementation of cooperation projects;
- (g) networking of local partnerships.

## 2 WHAT IS CLLD AND WHY USE IT?

- *What are the advantages of using CLLD?*
- *Why use CLLD in different areas?*
  - *Rural areas*
  - *Fisheries and coastal areas*
  - *Cities and urban areas*
  - *Tackling unemployment and promoting social cohesion*

### 2.1 *What are the advantages of using CLLD?*

CLLD is a method for involving partners at local level including the civil society and local economic actors in designing and implementing local integrated strategies that help their areas make a transition to a more sustainable future. It can be a particularly powerful tool, especially in times of crisis, showing that local communities can take concrete steps towards forms of economic development, which are smarter, more sustainable and more inclusive, in line with the Europe 2020 Strategy<sup>4</sup>.

#### **Box 1: What is CLLD?**

Community-led local development shall be:

- focused on specific sub-regional areas;
- led by local action groups composed of representatives of public and private local socio-economic interests, in which, at the decision making level neither public authorities, as defined in accordance with national rules, nor any single interest group represents more than 49% of the voting rights;
- carried out through integrated and multi-sectoral area-based local development strategies;
- designed taking into consideration local needs and potential, and shall include innovative features in the local context, networking and, where appropriate, cooperation.

*(Article 32(2) CPR)*

The fundamental rationale for using CLLD is that these principles improve on the results achieved by traditional, centralised top down approaches. However, CLLD should not be regarded as competing with or opposed to top-down approaches from national, regional authorities or local authorities, but instead as a tool interacting with them, in order to achieve better overall results.

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<sup>4</sup> Also see Factsheet on community-led local development:  
[http://ec.europa.eu/regional\\_policy/what/future/publication/index\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/publication/index_en.cfm)



Table 1 (below) summarises the main advantages or added value of using CLLD in relation to its main principles:

**Table 1: Schematic representation of CLLD principles**

Sub-regional areas. The local territorial approach (Article 32.2.a)	Funds are concentrated on the areas that need and can use them most. Solutions are adapted flexibly to meet their diverse needs and opportunities - at the right time and place.
Community led partnerships. Participatory and partnership approaches (Article 32.2.b)	Co-responsibility and ownership. No one interest group whether public or private dominates. The partnership mobilises the knowledge, energy and resources of local actors.
Integrated multi-sectoral local strategies (Article 32.2.c)	The actions reinforce each other and build on the strengths of the area. Linkages are improved horizontally with other local actors and vertically with other levels in delivery or supply chains. There may be different priorities and entry points.
Innovation (Article 32.2.d)	In a local context, the method generates new ways of thinking and doing - new markets, new products, services, ways of working and social innovation.
Networking and cooperation (Article 32.2.d)	Local areas and communities learn from each other and find allies for strengthening their position in a global economy.

The main advantages of bottom-up approaches are the following:

- Local actors have a better knowledge of local challenges that need to be addressed and the resource and opportunities available.
- Therefore they are able to mobilise local resources for the development process in a way that does not happen with top-down approaches.
- This gives local actors a greater sense of ownership and commitment to the projects, which allows them to make the best of the local assets.
- However, the community-led approach can only be effective if it develops trust among stakeholders and is supported by enduring local structures with the necessary experience and expertise.

On the basis of the above, when selecting the local action groups with their respective strategies major importance is to be attached to the quality of the partnership.

One of the main lessons of past experiences is that there is little point in using CLLD unless the advantages mentioned above are present and can be expected to generate concrete results. At the same time, the delegation of certain functions to local partnerships also involves certain costs and risks. A Court of Auditors<sup>5</sup> report on LEADER argues that the management and delivery system must be organised in a way that reinforces the *added value* of the bottom up approach while at the same time keeping the *costs* and *risks* at acceptable levels. This guidance is designed to help managing authorities to get the most out of CLLD by achieving high standards at all three levels.

## **2.2 Why use CLLD in different kinds of areas?**

CLLD can be used by the four ESI Funds to tackle a very wide range of challenges in different types of areas:

### **2.2.1 Building on two decades of CLLD in rural areas**

The Commission has a long and impressive record in the implementation of CLLD in the area of rural development. It has funded four rounds of LEADER since it started in 1991 as a small-scale Community Initiative with 217 partnerships. Since then the number of partnerships has multiplied by more than ten to 2 321 in the 2007-2013 period, with a total EU budget of EUR 5 500 million or 6% of the EAFRD. These funds have mobilised a further EUR 3 072 million in national public funding, giving each partnership an average public budget of around EUR 3.8 million for the whole period.

This public funding is expected to lever in a significant amount of private investment. These funds are used to support thousands of generally small projects for adding value to local food products, diversification, improving rural services, environmental improvements, small-scale infrastructure, village renewal and training. These small projects contribute to sub-regional thematic initiatives for example in the domains of rural tourism or branding and marketing of local products, which are able to contribute to the economic development and to strengthen the social tissue in a given area.

The past evaluations of LEADER<sup>6</sup> have detected significant improvements in rural services and the quality of life, diversification, the environment, the inclusion of groups like women and young people, governance and capacity building.

A significant number of jobs were created and maintained in LEADER+ (2007-13) even though this was not the main goal of many groups which often focused on broader objectives like improving the quality of life in rural areas, increasing the added value of local products and information technology. For example, in programmes where the LAGs had mixed objectives like in Valencia, Spain, the 8 LAGs invested EUR 41.2 million of public funds in their local strategies, creating 1012 jobs. However, in LEADER+ programmes with a strong economic focus like Northern Ireland, the

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<sup>5</sup> Implementation of the LEADER Approach for Rural Development. Special Report No 5. European Court of Auditors, European Union, 2010 <http://eca.europa.eu/portal/pls/portal/docs/1/7912812.PDF>

<sup>6</sup> Ex-Post Evaluation of the LEADER I Community Initiative: [http://ec.europa.eu/agriculture/rur/leader1/index\\_en.htm](http://ec.europa.eu/agriculture/rur/leader1/index_en.htm)  
Ex-post evaluation of the Community Initiative LEADER II:  
[http://ec.europa.eu/agriculture/eval/reports/leader2/index\\_en.htm](http://ec.europa.eu/agriculture/eval/reports/leader2/index_en.htm)  
Ex-post evaluation of LEADER+: <http://ec.europa.eu/agriculture/eval/reports/leaderplus-expost/>

ratio of public investment per job is very favourable<sup>7</sup>. Here, 11 LAGs created 1 445 full time equivalent jobs with a public investment of EUR 21 million - or around EUR 14 500 per job<sup>8</sup>.

The 2014-2020 regulations offer rural areas the possibility of both *deepening* and *broadening* the CLLD approach in rural areas:

- In terms of deepening (or strengthening) the approach, both the CPR and the EAFRD Regulation contain a number of possibilities for increasing local capacity (covering the cost of the preparatory phase, a LEADER start-up kit), higher co-financing rates, measures to improve the quality of local development strategies, more flexibility in eligibility rules and increased administrative autonomy for LAGs. The aim is to increase the capacity of the partnerships to act as laboratories for new ideas and motors of change in rural areas.
- In terms of broadening (or extending), the approach we know that LEADER already covers a high proportion of rural areas. However, the urban-rural split can often cut rural areas off from their natural urban travel to work and service centres. It follows that there are major opportunities for new forms of urban rural cooperation and partnership.
- The existing flexibility of LEADER already allows the partnership to fund projects like support for SMEs and small-scale infrastructure that could be supported by the ERDF or training that could be supported by the ESF. In some countries, such as Spain, the ERDF is already estimated to spend as much money in rural areas as it does in urban areas but most of this is managed at national or regional levels<sup>9</sup>. There are major opportunities for improving synergy through better local coordination of both funds by local partnerships (for example, by involving LAGs in decisions for certain productive and infrastructure projects financed by the ERDF). Similarly, LEADER groups tend to focus on the most active people within disadvantaged areas. By cooperation with the ESF, they could extend their reach to some of the most disadvantaged people furthest from the labour market.

#### **Box A: Menter Môn - Managing multiple funding streams and building community assets**

Menter Môn is a local development company, based on the island of Anglesey (Ynys Môn in Welsh) which lies just off the northwest coast of mainland Wales. The population of the island is around 69 000 on an area of some 711 km<sup>2</sup>. The island's settlement pattern is typically rural, with small market towns, coastal villages, traditional inland and larger commuter based villages. Agriculture, tourism and a small number of large manufacturing companies are the major employers on the island.

A former LEADER II LAG, Menter Môn was established in 1995 to deliver EU rural development programmes. It is a third sector company with a board of directors drawn from the private, voluntary and community sector. In fact only about 20% of the board members come from the public sector.

Menter Mons primary aim is to “develop bottom up, regenerative entrepreneurship for Anglesey” and in order to do so the company adopts an integrated approach to the territory. Menter Môn recognises the importance of preserving, celebrating and building on the islands unique and valuable resources, social,

<sup>7</sup> Informe Final Iniciativa Comunitaria Leader +. Comunidad Valenciana. Anexo 2.

<sup>8</sup> Final Closure Report. Leader + Northern Ireland.

<sup>9</sup> See Ex-post evaluation of cohesion policy programmes 2000-2006 co-financed by the European Regional Development Fund . Work Package 9: Rural Development. By Metis/ÖIR, July 2008.

cultural, economic and environmental. These assets as are diverse as the Welsh language and Red Squirrel, to their stunning coastline and their able young people.

Building on its LEADER II roots and the CLLD method and principles the company has grown very considerably. From its roots in a small partnership within its first year it became an incorporated body and its team grew quickly from a coordinator and personal assistant to a staff of over 50 now. A not for profit sister company, Annog Cyf was developed structured to provide services for the benefit of the rural economy. With the sole aim of encouraging sustainable economic growth rather than profit the company delivers projects on behalf of private, voluntary and public organisations across North Wales.

Over its 17 year life, Menter Mon has attracted in excess of EUR 50 million of grant funding from sources such as the EAFRD, LEADER, ERDF, EFF, ESF the Welsh Government, and various Welsh and other bodies. This investment has created over 500 jobs on the island, 90 new business start-ups, 30 new food businesses and over 100 new food products, supported the diversification of 35 farm, and made sustainable improvements to many community assets.

Menter Mon remains close to its LEADER roots and continues to function as a LEADER LAG even though this now represents a relatively small proportion of its grant income. More recently it has become involved in a Fisheries Local Action Group along with its neighbouring LEADER LAG in Gwynedd.

*Source:* <http://www.mentermon.com/menter-mon.htm>

### **2.2.2 CLLD in fisheries and coastal areas**

CLLD in fisheries and coastal areas is both smaller and much more recent than in rural areas. There are now 303 fisheries local action groups (FLAGs) in 21 EU countries. The EFF invests around EUR 567 million in local development, which represents around 13% of its total budget. This attracts a further EUR 239 million in national funding giving each group an average of approximately EUR 3 million in public funding each. However, this figure varies enormously from just EUR 200 000 to over EUR 17 million for some groups for the whole period.

Most groups have only been operational for 1-2 years so it is still not possible to fully estimate the results in terms of private investment or jobs created. However, the programme has already led to around 3000 mainly small projects related to adding value to fisheries products, diversification, environmental and social improvements and improving the links between fishermen and other local actors. A more detailed study of the results will be carried out in 2013.

Despite its short history, Axis 4 offers a number of lessons for the future of CLLD:

- Axis 4 is more sectoral or target group orientated than LEADER since its main objective is to build a more sustainable future for fishing communities:
  - it could inspire similar future interventions by the ERDF or ESF, which may also have more thematic, sectoral or target group priorities.
- Axis 4 strategies are integrated in the sense that they try to improve the vertical links between fishermen and other actors along the supply chain as well as horizontal linkages between fishing and other sectors like tourism and environmental services:

- this affects the geography of Axis 4 interventions, which follow the distribution of fishing activity along the coast, estuaries, rivers, lakes, large ports and isolated fishing settlements.
- Around two-thirds of the partnerships financed by Axis 4 cooperate in some way with LEADER Local Action Groups. This cooperation can take many forms, the partnerships can be or form part of the same organisation and they have developed various methods for coordinating strategies and project selection:
  - this provides a host of experience that could be used for the coordination of multi-funds interventions in the new period.
- Axis 4 provides an example of the kinds of issue that are likely to arise and the support that is needed when CLLD is rolled out by national, regional and local actors that are not used to the approach:
  - there is scope for joint learning and capacity building for the actors associated with all four funds.

The Commission would like to see an extension of Axis 4. Two types of strategies are envisaged: *narrower strategies*, which focus more on linkages within local fishing supply chains, and *broader strategies* concerned with diversification, the local components of blue growth and maritime and coastal management.

Both types of strategy offer the potential of cooperation with the other three funds:

- the EAFRD could be used for the more isolated fishing communities in rural areas,
- the ERDF could support infrastructure and productive investments,
- the ESF could be used to improve educational attainments, employment opportunities and social inclusion of disadvantaged groups such as migrants, ethnic minorities and marginalised communities.

**Box B: FLAG on the Ebro Delta, Cataluña, Spain - Example of local management of several Funds**

The territory covered by the FLAG enjoys the opportunities associated with the rich natural resources of the Ebro Delta and yet faces the challenges of struggling traditional sectors like fishing, aquaculture and agriculture. Indeed, over one third of its 75 000 inhabitants are currently unemployed.

The creation of the partnership in 2009 was an important breakthrough in itself as it brought together in an association for the first time the 6 local fisheries organisations (confraries de pescadors), the shellfish farmers, the municipalities, the Natural Park of the Delta de l'Ebre, NGOs and the private sector. On the FLAG board, the fishing organisations and public bodies are represented in the partnership with the same share of votes as the private partners.

With public funding of approximately EUR 3 million, the partnership has set itself the goal of linking sustainable fishing with the buoyant tourist economy by stressing the relationship between a well preserved environment and the quality of its products.

In their two years of operation they have financed 30 small to medium sized projects including promotional and educational activities around local fish for schools and the wider public, projects to increase sales in local restaurants and tourist establishments, eco-tourism activities in traditional aquaculture installations as a

new source of income for shellfish farmers, diversification into complementary activities like marine salt and ice production and a range of supporting environmental improvements. The manager of the partnership plays an important outreach role in ensuring that investments meet the social and environmental goals set out in the strategy.

The public funds they have received so far have levered in another 30% of private investment and generated significantly higher prices for targeted local fisheries products. Their main objective was not to create employment in itself as this would be easier simply by supporting uncontrolled tourist development. Nevertheless by the end of the period, they estimate to have created or maintained about 60 jobs for local people.

*Source:* <https://webgate.ec.europa.eu/fpfis/cms/farnet/flagsheet/flag-factsheet-spain-litoral-costa-del-ebro>

### 2.2.3 CLLD in cities and urban areas

In the past, both the ERDF and the ESF have supported important but separate initiatives with many similar components to CLLD. The new regulations open up a major opportunity for closer cooperation at local level within cities.

Between 1994 and 2006, cohesion policy supported two rounds of the URBAN Community Initiative which focussed mainly on deprived urban neighbourhoods with an average population of 28 000 people. According to ex-post evaluation of URBAN II, the key factor underlying successful projects was local ownership. Such projects were selected in line with local perceptions of need, with commitment from local players and delivered in partnership with locals. But larger players had an important role in providing expertise and administrative capacity.

The ERDF also co-finances the transnational learning and networking programme URBACT. Since 2007 URBACT II has involved around 500 cities in approximately 60 thematic exchange and learning networks. Each city that takes part in an URBACT II network has set up a broad multi-stakeholder local support group, which develops a local action plan. Although URBACT's local support groups are not designed to implement the local action plan and these are not automatically funded; many could be the seeds of CLLD partnerships and strategies.

Building on the experience of the URBAN Community Initiative and URBACT, CLLD could take a number of specific forms in city partnerships and strategies, including:

- Small neighbourhood based approaches. These could involve deprived city neighbourhoods, industrial districts, brownfield sites, suburbs, etc.
- Smaller cities, market towns and their surrounding rural areas.
- Thematic approaches dealing with a particular urban challenge, such as unemployment and the labour market, social exclusion, urban mobility, or local plans for energy efficiency.
- Target group approaches focussing on e.g. young people, Roma, women or migrants.

In all of these areas there is great scope for coordinating the hard investments supported mainly by the ERDF with soft measures supported mainly by the ESF. At least 5% of each Member State's ERDF allocation shall be devoted to integrated actions for sustainable and integrated urban

development. Investments included in this envelope will most likely be managed with Integrated Territorial Investment (ITI) tool, a specific programme or a dedicated urban priority within a programme. However, the scope for using CLLD in cities and urban areas is important. For example, Member States might consider a possibility of encouraging inclusion of CLLD as one component in urban strategies and ITIs<sup>10</sup>.

#### **Box C: Berlin, a decade of ERDF investment in social cohesion**

Berlin operates a large scale programme under the federal Socially Integrative City. Between 1999 and 2009 the city used EUR 83.5 million ERDF, EUR 35.1 million from the federal programme and EUR 83.5 million from the budget of the state of Berlin.

The case of Berlin represents an exceptional example of good practice in the sense that it has refined and extended the original programme's ideas. They started with 15 areas and now have 34. But over this period some areas have left the programme as their conditions, measured by indicators have improved. Areas are classified as prevention areas (for those at risk), or areas for medium to large scale intervention.

34 neighbourhoods are currently included in the programme based on a basket of socio economic indicators. Areas vary in size, with the largest being Marzahn NW a peripheral system built housing estate with a population of around 22 000 people. Across Berlin the 34 areas cover a population of 391 968 compared to 3.5 million for Berlin as a whole.

A neighbourhood management office is set up in each area. Mostly these are procured from the private sector through open tender processes. The neighbourhood management team works with a neighbourhood council to develop a strategy and action plan for the area.

The innovative element in the Berlin model is the use of participative budgeting approaches to bring in project ideas. These are then voted on by each with five types of Funds, each covering different types and size of investments and drawing on the direct involvement of residents. The *Quartier management* teams provide a platform for networking and interaction to a number of groups and actors to debate and identify local needs, values and responses. One of the effects of the programme is the empowerment of citizens, through collaboration and cooperation on projects.

*Source: AEIDL 2013 EU Urban case studies report*

#### **2.2.4 CLLD to tackle unemployment and social inclusion issues**

Compared to the ERDF, the ESF is a people- rather than a place-based policy; nevertheless the ESF also has a long tradition of supporting local development initiatives. For example, it is estimated that around half of the approximately 3300 partnerships financed by the ESF from 2000-2006 through the EQUAL Community Initiative were locally based (even if many would not have fulfilled all the conditions for CLLD). In the 2007-2013 period, there are also a number of examples (e.g. *Stärken vor Ort* in Germany) but these are not as visible as in other funds.

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<sup>10</sup> See EC Guidance on ITIs: [http://ec.europa.eu/regional\\_policy/what/future/experts\\_documents\\_en.cfm](http://ec.europa.eu/regional_policy/what/future/experts_documents_en.cfm).

Article 12 ESF allows the ESF to continue 2007-2013 support to local employment initiatives and territorial employment pacts, opens up the possibility of supporting CLLD, as well as sustainable urban development strategies alongside the ERDF.

The Commission considers that CLLD can be a useful tool for empowering local communities, including disadvantaged groups, for improving institutional capacity of local stakeholders and particularly NGOs and for triggering social innovation at local level.

In the context of CLLD, the ESF could be used, inter alia, for:

- providing access to employment for job seekers through training and measures adapted to the local labour market needs;
- improving the sustainable integration of young people not in employment, education or training;
- reducing early school leaving;
- promoting equality between men and women in access to employment and career progression, by combating gender stereotypes in education and training, reducing gender-based segregation in the labour market, developing female entrepreneurship and promoting reconciliation of work and personal life for men and women;
- developing individual pathways to integration and re-entry into employment for people far from the labour market;
- improving the integration of marginalised communities like the Roma and combating discriminations based on sex, racial, or ethnic origin, religion or belief, disability, age or sexual orientation;
- promoting the social economy and social enterprises.

**Box D: Stärken vor Ort Germany – An ESF funded empowerment programme for vulnerable youth and women**

The German Federal ESF Programme *STÄRKEN vor Ort* (English: "Local Empowerment Programme") forms part of the overall initiative "JUGEND STÄRKEN" which aimed to promote the social, educational and professional integration of young, disadvantaged persons.

*STÄRKEN vor Ort* was launched in 2009 and covered 280 administrative districts and local areas all over Germany. It provides funds (which are a combination of national means provided by the local authorities (15%) and ESF funding (85%)). The micro-projects it supports aim at reaching, activating and re-integrating all vulnerable groups of young people (with and without migration background) up to 25 years of age and women who suffer from social exclusion and/or vulnerability.

The final beneficiaries of the programme are small local initiatives and networks. The micro-projects, which are embedded in local action plans, are decided upon by local committees on the ground. These local partnerships are made up local stakeholders and institutions, citizens, professionals, volunteers, officials and politicians.

*STÄRKEN vor Ort* addressed projects all over Germany. It reached 280 locations in 158 municipalities and 45 districts. Areas ranged from very small ones with only 734 inhabitants (City of Aßlar) to 382 571 inhabitants (district of Erzgebirge). The programme covered areas with a total population of 9.4 million. About half of these were women and nearly a quarter were young people



Over its lifetime the programme spent EUR 74 million of ESF funds. 9000 projects were supported reaching nearly 250 000 vulnerable young people and women.

*Source: AEIDL 2010 Local Employment Initiatives study, German Annex by Gsub*

### **2.2.5 Seizing the opportunity for working together**

The examples above illustrate the potential results that can be achieved by using CLLD in different types of areas with each of the four main Funds. Each Fund does have a different focus and, with the exception of the ESF, tends to concentrate on a particular type of area. However, in the context of the current pressure on public funds, better coordination is not an option – it is an absolute necessity.

Examples of the potential value added cooperation abound: the need for a careful blend of hard investments financed by the ERDF and soft investments financed by the ESF to tackle the problems of deprived areas and groups in cities; the opportunity of using both the EAFRD and the ERDF for improving mutually beneficial links between rural and urban areas; synergy between the EMFF and both the ERDF and ESF for dealing with the infrastructure and training required for the adaptation of the larger fishing ports, and so on.

The most powerful and advantageous form of cooperation is the option of joint funding proposed by the Commission and explained later in this guide. However, Member States or/and regions will have to put in place a number of procedures to arrive at this point and this may not be appropriate or feasible for all countries or areas. In these cases, coordination can still be improved in many different ways: it can be achieved at the level of the strategy, the partnerships involved, and through the delimitation of the areas of intervention. In all cases, the aim has to be to strengthen the results that can be achieved by individual programmes through improved synergy – and avoiding dilution. The following chapters will provide guidance to help Member States choose the form of cooperation that best suits their situation.

### 3 HOW TO FOCUS CLLD ON WHAT IT DOES BEST IN THE PARTNERSHIP AGREEMENTS?

- *Introducing the Common Strategic Framework and the partnership agreements*
- *What and why. Identifying the challenges and objectives for CLLD*
- *Where? The geography of effective local development*
- *Which fund does what?*
- *How to work together?*

#### 3.1 *Introducing the Common Strategic Framework and the partnership agreements*

The Common Strategic Framework translates the targets and objectives of the Europe 2020 Strategy into priorities for the ESI Funds. The aim is to improve coordination between these Funds so as to maximise the impact of EU interventions and their contribution to European objectives. National and regional authorities will use the Common Strategic Framework as the basis for drafting their Partnership Agreements, in line with Europe's growth and jobs targets for 2020.

An 'analysis of disparities, development needs and growth potential with reference to the thematic objectives' is required in the Partnership Agreement as part of the arrangement to ensure the alignment with Europe 2020<sup>11</sup>. On the basis of this analysis, the Member States should define the 'integrated approach to territorial development supported by the ESI Funds'<sup>12</sup> *including CLLD*, explaining how they intend to achieve the integration. CLLD is obligatory for EAFRD rural development programmes (minimum 5% of the total EAFRD contribution to each programme<sup>13</sup>) and optional for EMFF, ERDF and ESF.

Developing an overall vision for the objectives of the implementation of CLLD is probably one of the most important steps for its successful implementation. Member States first of all need to decide what they want to achieve with CLLD. They can then decide whether there are enough resources and enough scope within each Fund to deal with it and if not they can organise the most appropriate combination of Funds to achieve their aims.

The table below provides a template for the information that Member States should provide about CLLD in their partnership agreements. The first four points ask for information about the why, the what, the where and the who of local development while the next four points deal with how this will be implemented.

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<sup>11</sup> See Article 15(1)a(i) CPR.

<sup>12</sup> Article 15(2)a CPR.

<sup>13</sup> Article 59(5) EAFRD Regulation; minimum 2,5% for Croatia.

### **Box 2: How to put CLLD into the partnership agreements?**

Outline of the approach to CLLD, including:

1. **What?** The main challenges that the Member State intends to tackle with the help of the CLLD approach;
2. **Why?** The main objectives and priorities for CLLD in the Member State (including the general objectives that the Member State aims to achieve with CLLD, but also outlining the thematic focus and target groups where such a focus and target groups have been determined. Member States should outline in the Partnership Agreement towards which thematic objectives CLLD will contribute);
3. **Where?** The types of territories (not a list of territories) where CLLD is envisaged to be implemented (a general indication of types of areas is sufficient e.g. urban, rural, cross-border, areas with specific characteristics in terms of population density or settlement pattern, areas with strong fisheries dimension. The types of territories chosen should reflect the strategic choices of the Member State regarding the role, the objectives and the potential thematic focus of CLLD. An example could be if the Member State wishes to address urban-rural linkages through use of CLLD by several Funds. If the Member State wishes to implement CLLD in the entire territory of the Member State this should also be indicated);
4. **Which fund?** Identification of the ESI Funds that is to be used for CLLD, an approximate planned budget allocation for each Fund, the role of each ESI Fund in different types of territories (particular attention should be paid to areas where multiple ESI Funds could intervene), taking into account that CLLD is obligatory under the EAFRD (LEADER);
5. **How to work together?**
  - Whether the Member State will support local development strategies financed from multiple ESI Funds and if not, how the integrated approach will be achieved at the local level;
  - Coordination of and administrative set-up for CLLD, and the specific role the local action groups (LAGs) will have in its delivery;
  - Where appropriate, whether the Member State intends to apply the possibility to designate a lead Fund in the context of integrated multi-fund local development strategies.
  - Arrangements for preparatory support (including possible arrangements between Funds to offer a coherent scheme and types of activities foreseen).
6. **Derogation for population limits?** Where relevant, a proposal for a derogation for population limits for the areas to be covered by CLLD (in line with Article 32(6) CPR)

In the case of highly regionalised or federal Member States this will require generalisation to the national level. The description should indicate in which regions the CLLD approach will be used and set out main elements pertaining to the points outlined above.

*(Template and Guidelines on the content of the Partnership Agreement)*

### **3.2 What and why? Identifying the challenges and objectives (questions 1 and 2)**

The stakeholders involved in each Fund need to decide on the main challenges, objectives and priorities that can best be dealt with locally. They need to relate the results they want to achieve to the objectives of the Europe 2020 Strategy and the Common Strategic Framework. For example: in the case of the ESF this could be integrated local strategies for skills development in relation to the local labour market creation and support for the most disadvantaged groups, in the case of the ERDF it could involve integrated plans for the regeneration of certain neighbourhoods within large cities and small cities within rural areas: and for the EAFRD and EMFF it is likely to mean dealing with the specific challenges faced by different kinds of rural areas and/or fisheries and coastal areas.

There is a hierarchy of (at least) four interrelated levels of goals and objectives for the next funding period that they need to take into account:

- the three main pillars of the Europe 2020 Strategy for smart, green and inclusive growth;
- these are translated into six quantified headline targets;
- the Common Strategic Framework declines these into eleven thematic objectives – three mainly economic, three mainly environmental, four social and one about governance.
- Finally each of the four Funds has a series of priorities which – contribute to the 11 thematic objectives (called investment priorities in the ESF and ERDF and Union Priorities in the EAFRD and EMFF). The EMFF should also support the general objectives of the Common Fisheries Policy and the EAFRD those of the Common Agricultural Policy:
  - To facilitate programming, in the programmes, CLLD should be programmed under one specific investment priority/focus area/Union priority. However, support under CLLD may contribute to all thematic objectives/focus areas/Union priorities. If the whole priority axis/Union priority is dedicated to CLLD, the co-financing rate can be increased by 10% for ERDF, ESF and EMFF at the level of the priority axis/Union priority<sup>14</sup>.
  - For ERDF, CLLD should be programmed under investment priority 9(d): “undertaking investment in the context of community-led local development strategies”<sup>15</sup>.
  - For ESF, CLLD can either be mainstreamed under the selected investment priorities of the ESF programme (Article 12 ESF) or it can be programmed under the CLLD investment priority (Article 3(1)(b)(vi) ESF). Member States/regions may define in their programmes or subsequently in calls for proposal which priorities (in reference to the scope of the fund) they would like to address with CLLD.

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<sup>14</sup> See Article 120(5) CPR and Article 94(4) EMFF

<sup>15</sup> See Article 5(9) ERDF

- As for the EAFRD, CLLD (LEADER local development) should be programmed under focus area 6(b) “Fostering local development in rural areas” (see chapter 4 below). Due to the integrated and multi-sectoral character of CLLD/LEADER, it is highly recommended that it also contributes to other focus areas. In that case, Member States/regions should indicate in the Rural Development Programmes to which other focus areas local development strategies might contribute. LEADER is a mandatory part of the rural development programmes and will benefit from a co-financing rate of up to 80% (or 90%).
- Under the EMFF, CLLD should be programmed under Union Priority 4 (“increasing employment and territorial cohesion”).

Territorial development, as an integrated multi-sectoral approach can contribute in different ways to the Europe 2020 Strategy. The Commission is of the view that CLLD should be recognised as a flexible tool for meeting the needs of different areas. This means that, even if it is programmed under one priority, CLLD can be used to achieve results which contribute to all of 11 thematic objectives included in the CPR, in line with the objectives of a relevant programme. It is recommended to introduce broad eligibility rules for the operations funded under CLLD, as explained in section 8.3.

The main objectives and priorities for CLLD to be included in the Partnership Agreement should be understood as indicating by the Member State the thematic objectives towards which CLLD is to contribute, as well as outlining thematic focus and possible target groups.

### ***3.3 Where? The geography of effective local development (question 3)***

According to the Partnership Agreement template, each Fund needs to map out the geography of the challenges it wants to deal with, and identify where they are concentrated in forms that can be tackled at local level in a coherent and effective way. A general indication of types of areas is needed e.g. urban, rural, cross-border, areas with specific characteristics in terms of population density or settlement pattern and/or areas with a strong fisheries dimension.

From a thematic focus point of view, these could be for example, concentration on problematic local labour markets, or/and on vulnerable groups like Roma or migrants, particular clusters of economic activity, physical problems such as housing or transport or environmental issues linked to rivers basins, mountain ranges and so on. The geography of these challenges and the ideal scale for dealing with them may or may not coincide. It may involve working at the level of just one neighbourhood in a city, or several neighbourhoods of the same type, at the level of a small city and its surrounding rural area or the boundaries of a larger city and the peri-urban fringe, or around an estuary, lake or river basin (see the following section for a description of possible types and shapes of areas).

If the Member State wishes to implement CLLD in its entire territory, this should be indicated in the Partnership Agreement.

Specific attention should be given to the issue of poverty, as Member States are expected to present in their Partnership Agreement an integrated approach to address the specific needs of geographical areas most affected by poverty or of target groups at highest risk of discrimination or exclusion with

special regard to marginalised communities. If Member States opt for a territorial approach, they should reflect on the potential contribution of CLLD.

### **3.4 Which fund does what? (question 4)**

In order to decide which Fund does what and how many resources are planned to be allocated to CLLD, it is important to look back at who is already intervening to deal with these problems, at what scale and whether existing resources and their scope of intervention is sufficient (for example, the strengths and weaknesses of LEADER groups or local organisations financed by other Funds). Only then is it possible to identify the fields where CLLD can have the greatest impact and to discuss how to achieve the best synergy between Funds.

Some of the crucial questions Member States and/or regions will be faced with are for example the following: whether the ERDF and ESF will programme resources for CLLD outside urban areas, whether the EAFRD will also cover small towns and fishing harbours, and whether the EMFF will be restricted to coastal areas or whether it will also intervene in inland lakes and rivers.

### **3.5 How to work together? (questions 5)**

Member States should indicate in the Partnership Agreement the coordination of and administrative set up for CLLD: for example: common structures and administrative arrangements, indicative number of potential local action groups and the expected budgetary framework for the strategies to be supported; as well as common selection criteria and procedures for LAGs, where applicable, etc.

It is desirable that Member State design the most *flexible and comprehensive framework* possible, allowing for complete integration of local development, and *leave to the LAGs the following decisions*:

- the choice whether to design a local strategy using several Funds or one Fund only, including the exact area which the strategy will cover;
- the choice of objectives and actions to be included in the strategy: the choice of the supporting Funds will be a natural consequence of the nature of the strategy;
- in case of a strategy that is supported by more than one Fund, the question whether a lead Fund for the local strategy should be defined;

The type of preparatory support (involving capacity building), which will be made available for local actors including possible arrangements between Funds to offer a coherent scheme and types of activities planned, should be described in the partnership agreement.

Article 5 CPR states that these and other points in the Partnership Agreement must be drawn up in ‘partnership’ with a wide range of stakeholders including ‘competent urban and other public authorities, economic and social partners and relevant bodies representing civil society...’ These stakeholders should also ‘be involved in the preparation of progress reports and throughout the preparation and implementation of programmes, including through participation in the monitoring committees for programmes...’ In the context of CLLD, it is recommended that the partnership principle is applied through an involvement of the existing networks of LAGs and representatives of local communities which could potentially benefit from CLLD funding.

## 4 HOW TO IDENTIFY EFFECTIVE STRATEGIES, STRONG PARTNERSHIPS AND COHERENT AREAS? KEY BUILDING BLOCKS FOR THE PROGRAMMES

- *Introduction*
- *Designing high quality local strategies to deliver results*
- *Mobilising the key actors and building the partnership*
- *Choosing the right types, sizes and shapes of the areas*

### 4.1 Introduction

The Partnership Agreement and programme templates prepared by the Commission establish the basic information that Member States and/or regions should provide in order to comply with the regulations and have their programmes approved. This includes<sup>16</sup>:

- the principles for the identification of the areas in which CLLD will be implemented in line with the Partnership Agreements;
- a description of the selection, approval and funding arrangements of CLLD strategies and local action groups;
- the indicative financial allocation for support to CLLD by the Fund in question.

In order to achieve the best results with CLLD, Member States should take into account the following guidelines for strategies, partnerships and areas:

### 4.2 Designing high quality local strategies to deliver results

The Court of Auditors 2010 report on LEADER<sup>17</sup> argued that ‘Local strategies should be at the heart of the LEADER approach, giving the partnerships their *raison d’être* and promising an added value through local solutions tailored to achieve the local rural development objectives.’ Local strategies are *the place* where partnerships can demonstrate that they can achieve results that other approaches cannot - or do not reach - by linking together different measures and sectors, by innovation and through cooperation. It follows that the quality of the strategy should be one of the major benchmarks for the selection of local partnerships, the management and control of implementation and the evaluation of results.

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<sup>16</sup> Please note that the EMFF has further requirements concerning the content of the programme on CLLD.

<sup>17</sup> See footnote 6.

### **Box 3: What is a CLLD local development strategy and what shall it contain?**

‘Community-led local development strategy’ means a coherent set of operations the purpose of which is to meet local objectives and needs, and which contributes to achieving the Union strategy for smart, sustainable and inclusive growth, and which is designed and implemented by a local action group.

A community-led local development strategy shall contain at least the following elements:

- the definition of the area and population covered by the strategy;
- an analysis of the development needs and potential of the area, including an analysis of strengths, weaknesses, opportunities and threats;
- a description of the strategy and its objectives, a description of the integrated and innovative features of the strategy and a hierarchy of objectives, including measurable targets for outputs or results. In relation to results, targets may be expressed in quantitative or qualitative terms. The strategy shall be consistent with the relevant programmes of all the ESI Funds concerned;
- a description of the process of community involvement in the development of the strategy;
- an action plan demonstrating how objectives are translated into actions;
- a description of the management and monitoring arrangements of the strategy, demonstrating the capacity of the local action group to implement the strategy and a description of specific arrangements for evaluation;
- the financial plan of the strategy, including the planned allocation of each of the ESI Funds concerned.

*(Articles 2(19) and 33(1) CPR)*

A local development strategy has to contribute to the objectives of a relevant programme. The question of quality of the strategies approved for funding is of outmost importance<sup>18</sup>.

Following are just some of the main points that managing authorities should take into account in designing their programmes and calls for CLLD strategies:

- The strategy has to serve local purposes. Both the European Court of Auditors and the Commission insist that the essence of CLLD is that local strategies should be free to respond to local needs. However, the coherence and consistency between local strategies and existing national, regional or sub-regional strategies including sectoral ones, must be ensured. In practical terms, specific objectives and priorities need to be set at local level to respond to local needs, while being consistent with the policy goals set out in the programmes.
- The local development strategy should be drawn up based on a *SWOT analysis* (strengths, weaknesses, opportunities and threats), and the identification of local needs. The objectives of the strategy should address those needs and set concrete measurable objectives, focusing

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<sup>18</sup> See Commission Guide for Application of the LEADER Axis of the Rural Development Programmes 2007-2013 funded by the EAFRD, revised version March 2011: [http://enrd.ec.europa.eu/leader/leader/en/further-info\\_en.cfm](http://enrd.ec.europa.eu/leader/leader/en/further-info_en.cfm); Final report of Focus Group 4 "Better Local Development Strategies" Focus Group 4: [http://enrd.ec.europa.eu/app\\_templates/filedownload.cfm?id=8EB8D271-0F99-CC64-382A-27F3B8B65B43](http://enrd.ec.europa.eu/app_templates/filedownload.cfm?id=8EB8D271-0F99-CC64-382A-27F3B8B65B43)



on long-term development to solve specific development challenges in the area. Both the SWOT and the development of the strategy should be undertaken in a participative fashion to ensure community involvement and ownership of the strategy.

- Local development strategies should *promote linkages between local development actions*<sup>19</sup>. Rather than presenting a list of disconnected projects, strategies should be integrated in terms of coherent links between actions or projects based on clearly identified needs or opportunities. The projects selected locally should all contribute to the objectives of the local development strategy, should complement each other and not have contradictory aims.
- Local development strategies should be ‘integrated and multi-sectoral’. Linkages and integration can be *horizontal* between different areas, like it is the case of rural-urban interactions or relationship between a fisheries area and the surrounding rural area, or within a given area, as for example in deprived urban neighbourhoods or in rural areas. They can be *vertical* in cases where the strategy focuses on integration e.g. of different actors within a sector, supply chain or delivery chain. Strategies should integrate development approaches from different sectors into a coherent multi-sector approach supporting the overall long-term objectives in the areas concerned. Although the entry point may be a particular sector (such as fisheries or tourism), theme or target group, the strategy should promote links with other sectors as these open up new opportunities and are necessary to foster long-term development of an area.
- Strategies should have an *innovative character*. They should aim at introducing new ideas or approaches to the area and not simply defend ‘business as usual’. Innovation can take many different forms which are all valid in contributing to the innovative character of the strategy: new services, new products, new method of organisation, social innovation, etc. Innovation should be assessed in reference to the local situation and in terms of its effectiveness compared to existing methods and solutions applied in this territory: an action which is innovative in a certain place may already have been used somewhere else.
- *Cooperation and networking* with other areas can be a key component of the strategy. Cooperation starts at local level between the different sectors represented in the partnership. It can evolve in stages from exchange of experience, to the transfer of promising practice to a common action. Cooperation with other territories implementing CLLD can also be a strategic tool the local group can use to reach the critical mass needed for some projects or to pool complementary resources and expertise.

A LAG can develop cooperation with another partnership located in the same region or Member State as it is often the case in neighbouring areas. Cooperation projects can also be carried out across national borders (including countries outside the EU), giving supplementary European added value to local development.<sup>20</sup> For more detail on cooperation activities please refer to section 8.4.

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<sup>19</sup> In LEADER (‘Liaison entre Actions de Développement de l’Economie Rurale’) this means to create linkages between development actions taking place in the rural economy.

<sup>20</sup> The transnational element may now be enhanced by opening the explicit possibility for CLLD LAGs to implement cooperation projects under cross-border programmes under European Territorial Cooperation (see Article 10 ETC).

- *Networking* in a broad sense is a tool to enable local partnerships to share experiences and learn from each other. Networks under CLLD can have a formal character (involving LAGs, managing authorities and other stakeholders) and be facilitated by support units at regional, national and European levels<sup>21</sup>. LAGs can also be organised on a voluntary basis (national or regional LAG networks) with their network representing the members e.g. in negotiations with the managing authorities (for example in programme monitoring committees).
- *Viable budgets*: Member States and/or regions need to ensure that the budgets available for CLLD are appropriate for achieving the goals set in the local strategies. Although there are risks of inappropriate spending if the budgets are too large, experience has shown that the main danger is that managing authorities try to spread the budget too thinly as a result of political pressure from applicant areas. The experience of both LEADER and Axis 4 of the EFF, has shown that the minimum size of budget for a fully-fledged integrated local development strategy is around EUR 3 million of public funding for the entire period, depending also on the area and population covered by the strategy. Below this level it seems difficult to go beyond small-scale ‘soft’ investments in specific fields and to support the running costs of the partnerships and the animation of the local community.

#### ***4.3 Mobilising the key actors and building the partnership***

The local partnership is the driving force behind the design and the implementation of the strategy. In CLLD, it is referred to as a local action group (LAG)<sup>22</sup>.

The group of potential partners in a given area coming together is usually the starting point for work on the strategy. As they develop their analysis of the development needs and potential of the area, the original group will usually include further members coming from different sections of the local community. The strategy and the partnership are built in parallel, the progressive integration of new sectors and dimensions in the strategy being supported by a progressive extension of the partnership towards representatives of new sectors, communities and areas. This iterative process should not stop when the strategy is submitted to the programme authorities. The LAG partnership should rather be seen as a dynamic body, which adapts itself to the local specificities.

Article 32(2)(b) CPR<sup>23</sup>, describes the fundamental features of CLLD partnerships while Article 34(3) CPR<sup>24</sup> sets out minimum tasks for LAGs, including requirements linked to administrative and financial capacity and the setting up of transparent project selection procedures.

- The partnership is responsible for the selection of projects at local level and has to ensure that the projects selected are consistent with the strategy.

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<sup>21</sup> Examples of networking support structures can be found in the context of LEADER and FARNET in the period 2007-2013 (see [www.farnet.eu](http://www.farnet.eu) and [www.enrd.eu](http://www.enrd.eu)).

<sup>22</sup> See Article 34 CPR.

<sup>23</sup> See Box 1.

<sup>24</sup> See Box 5.

- The decision-making process in the board of the LAG partnership should not be dominated by the public authorities or any specific interest group. To ensure this the following rules must be respected<sup>25</sup>:
  - first, neither the public authorities nor any single interest group can have more than 49% of the voting rights at the decision-making level of the LAG;
  - second, at least 50% of the votes in project selection decisions have to come from the non-public sector partners. This is to secure an inclusive and transparent process, diversity in the strategy and a reasonable spread of the projects across a range of different sectors.

However, these are minimum requirements and, as with the strategy, managing authorities should put in place selection criteria and procedures, in order to ensure that CLLD achieves the desired results.

To be considered truly ‘community-led,’ it is recommended that the local partnership meet at least the following criteria:

- It must be *inclusive*, i.e. composed of partners coming from different sections of the local community: public sector, private sector and civil society and reflect the nature and focus of the strategy.
- The involvement of the *private sector* is crucial to ensure sustainable projects and provide the necessary private match funding for projects.
- The decision making body should aim at being gender balanced and have a *fair representation* of specific target groups addressed by the local development strategy, such as young people, ethnic minorities, disadvantaged people, vulnerable groups, etc.
- *Working procedures, rules and structures for decision-making* in place should guarantee that the selection of projects is consistent with the objectives of the strategy, undertaken in a non-discriminatory and transparent manner and avoids in particular any risk of conflict of interest. Concerning the latter, LAGs should establish written procedures explaining how they intend to deal with this risk (for example on minutes of meetings, abstention on the vote, written declarations).
- LAG members and staff should have the *appropriate competencies, skills and resources* to generate and manage development processes on a local level. The staff must also be qualified and/or have experience in the administrative management of local projects and, in case a LAG will be assigned with financial management tasks experience in finance.
- *Animation* requires staff with specific communication and organising skills. Their task is to encourage in particular the weaker members and areas of the community to participate in the local development process by analysing the local situation,

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<sup>25</sup> Based on the LEADER experience, voting rights should be linked to a membership in a LAG. It is recommended that each LAG member represents at the same time only one organisation.

identifying and developing potential projects, stimulating potential beneficiaries and helping local project holders to develop their ideas into projects eligible for financial support. This kind of work should be seen as an investment in human and social capacity and not a transaction cost of the programme.

- Generally *the minimum number of staff* required for the basic functions is two – a qualified manager and an administrative assistant. The number of staff has to be proportionate to the complexity of the strategy and the partnership. A higher degree of human resources might be needed depending on the amount of additional administrative tasks delegated, the area, the population covered, the budget of the strategy, and the amount of animation required. In countries that have used LEADER since many generations to improve the organisational capacity and local development of their rural areas, LAGs usually have a team of 4-5 people.

#### 4.4 *Choosing the right types, sizes and shapes of areas*

##### **Box 4: How to determine specific sub-regional areas to be covered by CLLD support?**

The population of the area [...] shall be not less than 10 000 and not more than 150 000 inhabitants. However, in duly justified cases and on the basis of a proposal by a Member State, the Commission may adopt or amend these population limits in its decision under Article 15(2) or (3), to approve or amend respectively the Partnership Agreement in the case of that Member State, in order to take account of sparsely or densely populated areas or in order to ensure the territorial coherence of areas covered by the community-led local development strategies.

(Article 33(6) CPR)

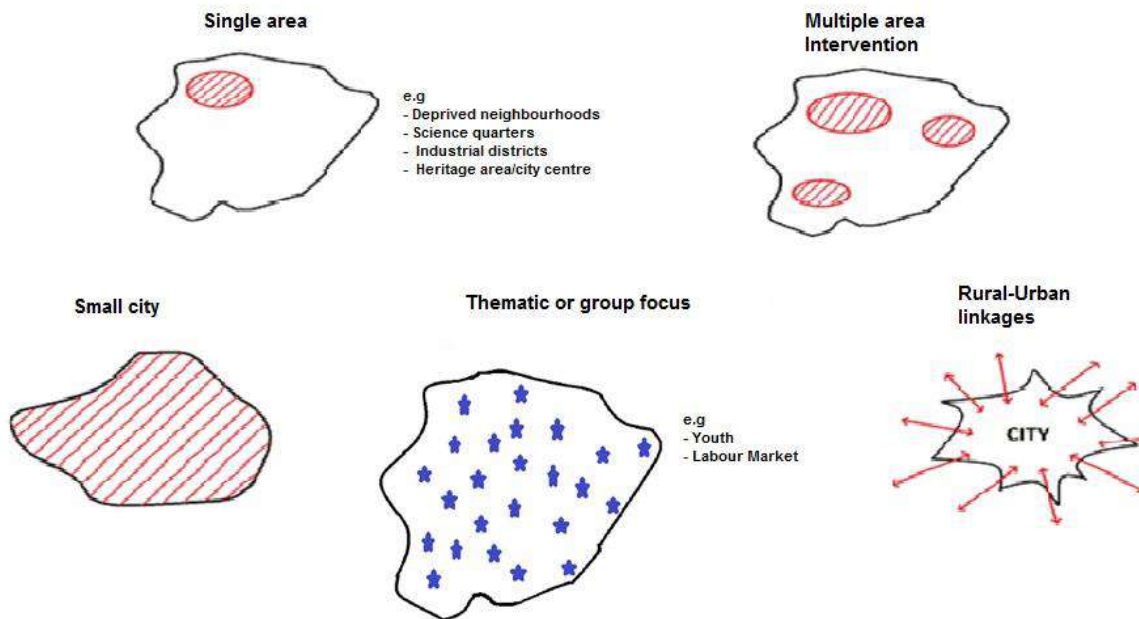
Member States and/or regions are also asked to find a balance between the following criteria:

- **Size.** Firstly, the area should be *large* enough to ‘offer sufficient critical mass in terms of human, financial and economic resources to support a viable development strategy’, but, secondly, ‘it should also be sufficiently *small* in order to allow local interaction.’ This has been interpreted to mean that the population be not less than 10 000 and not more than 150 000 inhabitants. In duly justified cases, in particular, where an area is sparsely populated or in densely populated areas, these limits may be lowered or increased respectively.
- **Coherence.** The territory should also form a coherent unit in geographical, economic and social terms, taking into account the nature of the strategy. However, areas that are coherent from a physical point of view, like an estuary or mountain range, may not be the right shape or size for dealing with challenges concerning the labour market or the problems facing certain clusters of economic activity (i.e. if the focus is primarily on rural-urban relations, the area should probably include both rural and urban and/or peri-urban areas; the right area for fisheries will depend on the spatial distribution of particular types of fishing activities, etc.). As a result the area may not coincide with national administrative boundaries. In some cases, the area of intervention may not be geographically continuous (isolated fishing communities along an estuary, or the Roma neighbourhoods in a particular conurbation).

This means that Member States and/or regions can identify the types of areas where they want to apply CLLD but it is generally better to leave the definition of precise boundaries up to the local level. In some cases, at least it may also be necessary to contemplate various forms of cooperation between different and sometimes overlapping local territories.

CLLD can in fact be used for a far wider range of territories than is often supposed. For example, in cities the most obvious type of intervention is in disadvantaged neighbourhoods. But it can also be used in industrial, cultural, science or central districts. It can be used in single neighbourhoods or in several neighbourhoods facing a similar problem; in small towns and cities and their surrounding rural areas; for the peri-urban areas of large cities or for a functional labour market area.

**Figure 1: Possible configurations of CLLD in urban areas**



## **5 HOW TO CHOOSE BETWEEN IMPLEMENTATION OPTIONS? ONE FUND OR JOINT FUNDING?**

- *Introduction*
- *Local development strategies supported by one Fund only*
- *Local development strategies supported by several Funds*
- *Coordination between overlapping LAG areas in both implementation options*

### **5.1 Introduction**

There are two major options for the implementation of CLLD:

- a Member State/region can decide to support strategies funded by one fund only;
- a Member State/region can decide to use the opportunities provided for CLLD and offer a flexible support that can combine funding from several Funds into a single strategy in an integrated way. This would demand coordinated management structures of the involved Funds with joint calls and selection procedures. This framework should be presented in the Partnership Agreement.

The choice to opt for a strategy funded by one or several Funds (when available as described in the Partnership Agreement) will be made by the LAGs themselves, taking into account the broader scope of possibilities opened by the integration of funding but also the higher level of complexity in the implementation of this type of strategy.

### **5.2 Local development strategies funded by one fund only**

Member States or regions can decide to offer a framework using only one Fund for the support of CLLD in specific types of areas.

This solution is initially simpler from a management point of view. As we have seen eligibility should be set as widely as possible in relation to the thematic objectives of Article 9 CPR. The implementation is done by a single administration at national or regional level. Reporting and financial management follows a single procedure. Controls are easier and the risk of double funding is lower. Coherence with the other areas of intervention of the fund is easier to ensure. Locally, the partnership can be more limited, leading to less internal difficulties. The team running the group and supporting projects on the ground could be smaller and easier to manage.

However, this option excludes broader strategies and limits the achievement of synergies between Funds. A more limited partnership is less likely to be able to address broad cross-cutting challenges. Consequently, the full potential of diversified and inclusive local development strategies is not achieved. The budget is likely to be smaller, limiting also the size of technical team supporting the LAG since they will only have access to a maximum of 25% of a more limited budget.

It should be noted that this approach does not exempt Member States and regions from ensuring consistency and coordination with the other ESI Funds (see: Box 7).

In some cases a mono-fund local development strategy can also be an obstacle to the creation of territorially coherent strategies. For example, in the 2007-2013 period, small towns (for example with over 30 000 inhabitants) were sometimes excluded from LEADER strategies, if these were not part of the Member State's definition of rural areas. These small towns could now become part of the strategy area, should CLLD funding from ESF and ERDF be made available for them. In this way the coherence of the LAG intervention area could be improved.

### ***5.3 Local development strategies supported by several funds***

By defining a common method for all ESI Funds, the CPR provisions enable Member States and/or regions to set a framework for CLLD, which allows complete integration, i.e. integrated multi-sectoral area-based local development strategies drawn up by a broad group of partners representing a great variety of local interests. A local action group in a given territory could thus develop and implement a strategy receiving support from several ESI Funds.

Support to strategies by several Funds:

- permits local development strategies to have a broader scope as the strategies may address a larger number of issues and sectors and can be better adapted to specific territorial features, making use of the opportunities offered by all the Funds involved;
- implies involving a wider variety of partners that can together better define and deal with common cross-cutting challenges;
- helps to avoid artificial demarcation or overlaps between strategies receiving support from different Funds;
- enables streamlining and simplifying the implementation of the local strategy, taking advantage of the harmonisation of the delivery rules among the Funds;
- increases the total budget available for local development, given that a LAG will have access to several sources of financing.

At the local level, this choice requires a solid experience in the delivery of local development and a group of partners that have already established working relationships. The decision whether to opt for a strategy supported by several Funds or to use only one of the Funds to implement a local development strategy should be steered by the following considerations:

- it should ideally be based on the individual needs and capacity of the area concerned;
- it is important to let the LAGs themselves reflect on the size of territory they wish to cover and the type and degree of integration they wish for their area.

Strategies supported by several Funds are more complex to design and implement and could prove difficult to implement for groups experimenting local development for the first time. It will therefore be crucial to analyse the capacity of LAGs and to choose an appropriate division of tasks between the LAGs and the authorities responsible for the design and implementation of the programme (taking into account that the tasks of the LAG set out in Article 34(3) CPR are the minimum tasks). Solid preparation and capacity building actions should be organised to enhance their administrative capacity.

Local development takes time. In previous programming periods, considerable investment has been made at all levels to create delivery structures (LAGs, but also at the level of the administration) and mobilise local actors around a shared strategy. It is essential to safeguard the results of this investment, including the existing local dynamic. The creation of any new framework should take into account the already existing structures and strategies.

#### ***5.4 Coordination between overlapping LAG areas in both implementation options***

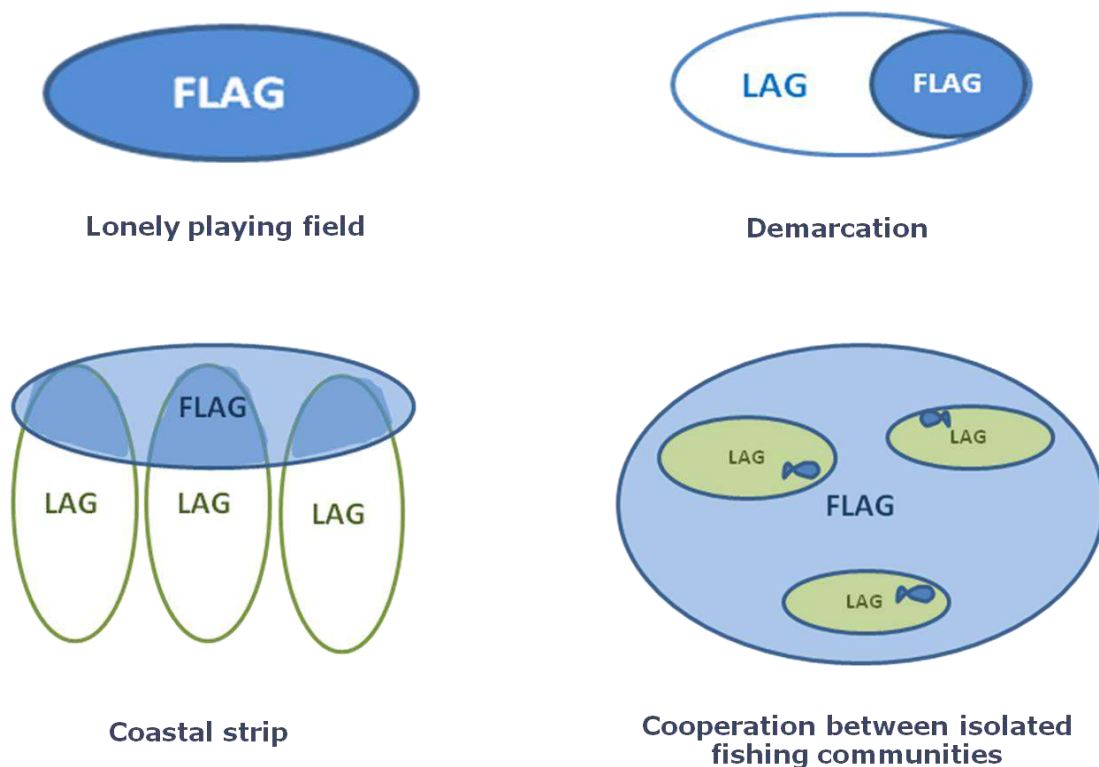
In some cases, Member States may see a need to have parallel strategies on partially overlapping territories due to the function that these territories fulfil.

For instance, in the 2007-2013 period there were cases where a single LEADER LAG area or several LAG areas partly overlapped with a FLAG area supported by the EFF. This stemmed from the fact that fisheries areas, especially in areas with high fisheries employment, were determined by the spatial distribution of the sector - for example along the coastline. In these cases, it may not be appropriate to break up a fisheries area to align with individual LEADER LAG areas since it is crucial to preserve the critical mass of fisheries related activity to bring about change for the fishing community.

Under these circumstances, two parallel strategies could be run in the parts of the territory, which overlap. They would have to be complementary, co-ordinated and aim at synergies. In any case, they should be defined in a way, which excludes implementing the same type of actions on the common area.

In these cases, there is an even greater need for the LAGs to demonstrate that there are effective coordination mechanisms in terms of strategy design and implementation, operational procedures, functioning of the partnership and areas of intervention.

**Figure 2: Types of cooperation between fisheries and rural LAGs**





## 6 HOW TO DESIGN SIMPLE AND ROBUST PROCEDURES AND IMPROVE COORDINATION?

- *Who does what in the delivery system?*
- *What should be taken into account when designing CLLD management procedures?*
- *How to avoid common blockages and ensure a more efficient use of CLLD?*
- *How to improve coordination between funds?*

### 6.1 *Who does what in the delivery system?*

The selection and implementation of a project goes through a process, which can be summarised as follows: selection of the project, verification of the eligibility of the actions proposed, formal approval of the project by a written document, implementation of the project, certification of the expenses incurred and payment to the project holder.

#### **Box 5: What are the minimum tasks of a LAG?**

The tasks of local action groups shall include the following:

- building the capacity of local actors, including potential beneficiaries, to develop and implement operations including by fostering their capacity to prepare and manage their projects;
- drawing up a non-discriminatory and transparent selection procedure which avoids conflicts of interests, ensure that at least 50% of the votes in selection decisions are cast by partners which are not public authorities, and allow selection by written procedure;
- drawing up and approving non-discriminatory objective criteria for the selection of operations that ensure coherence with the community-led local development strategy by prioritising those operations according to their contribution to meeting that strategy's objectives and targets;
- preparing and publishing calls for proposals or an ongoing project submission procedure;
- receiving and assessing applications for support;
- **selecting operations** and fixing the amount of support and, where relevant, presenting the proposals to the body responsible for final verification of eligibility before approval;
- monitoring the implementation of the community-led local development strategy and the operations supported and carrying out specific evaluation activities linked to that strategy.

*(Article 34(3) CPR)*

The LAG shall have the task of *project selection which is inherent to the CLLD approach* and it corresponds to the minimum requirements of the Regulation.

*Eligibility checks* prior to project approval must be carried out by the paying agency, managing authority or an intermediate body. This administrative check should only be a legality check on the eligibility of operations and not a quality assessment or an assessment of the relevance of the

project for the local strategy. Only projects, which have already been selected by the LAGs, should be the subject of such a check. A LAG can of course seek guidance on eligibility issues already in the phase of project preparation. Projects or lists of projects, which have been rejected by the LAGs, should not be the subject of further checks or consideration by these bodies.

Experience has shown that there is a lot of flexibility as regards the scope of tasks that can be delegated to the LAGs depending on the choice made by the Member State. These tasks might include apart from the tasks listed in the Box above: information to the public, preliminary checks of eligibility and legality (permits, etc.), analysis of viability, contact with banks and other local actors capable of helping the projects (business support, mentors, technological advice...). Finally, some tasks, for example those linked to formal project approval, certification and payment to beneficiaries<sup>26</sup> could be delegated to a LAG. Where these additional tasks of the LAGs (not covered in the Box 5 above) fall under the responsibility of the managing or, the certifying authority or of the paying authority, those LAGs shall be designated as intermediate bodies in accordance with the fund specific rules<sup>27</sup>.

Member States have to define the respective roles of the LAG and the authorities responsible for the implementation of the relevant programmes, with regard to all implementation tasks relating to the strategy<sup>28</sup>. In the case of the EAFRD and EMFF managing authorities should issue clear guidance to the paying agencies on the role they have to play in the implementation process for CLLD.

In all implementation models, an appropriate separation of responsibilities should be maintained in order to ensure transparency in decision-making and to avoid any potential conflict of interest. In general, those involved in project development should not be involved in project selection or approval. Those involved in project selection or approval should likewise not be involved in control tasks on payment claims.

Decisions about who does what and the level of delegation will depend heavily on the administrative culture and capacity of each level in different Member States. In some countries, for example, paying agencies can get the funds to final beneficiaries within weeks of project selection while in others this can take months if not years thus wiping out much of the added value of the CLLD approach. At the same time the costs of controls must be weighed up against the risk of errors and ineligible expenditure.

**Box E: An example of a delivery system (EFF Axis 4 FI, LEADER delivery models ) - Ostrobothnia FLAG (Finland)**

<sup>26</sup> In the case of projects financed by the EAFRD, the legal responsibility for making payments has to remain with the paying agency.

<sup>27</sup> See Article 34(3) CPR.

<sup>28</sup> See Box 6 below. NB: The EMFF requires Member States to provide this information in the programme.

The Finnish delivery system is very efficient; projects tend to be approved within six weeks of submission to the FLAG. The key to this efficiency lies in a clear separation of powers between the two organisations involved.

The FLAG supports the development of a pipeline of projects that contribute to its action plan and carries out project selection. It receives applications which are analysed by the fisheries subcommittee and then approved by the FLAG board; the successful projects are passed on to the ELY centre (paying agency), one of 12 such regional centres across Finland. The ELY centre verifies eligibility and formally approves the projects - provided that the paperwork is complete, the offer letter is sent to the applicant within one month of reception by the ELY centre. Following project completion, the ELY centre makes the payment to the beneficiary.

*Source: FARNET Governance Case Study, 18 April 2012*

#### **Box F: Examples of delivery systems used for LEADER 2007-13**

In **Poland**, the competences of the LAGs include: the preparation of the local development strategy; the development of the contents of the call for application (including the definition of criteria for the selection of the projects); assistance to applicants in preparing the projects; the selection of the projects to be possibly financed and; to provide information on the rules for granting aid. The project applications then go through the formal verification which is done by the regional government (voivodship self-government).

In **Ireland**, the selection and the approval of individual applications is carried out by LAG although the selection criteria and guidelines are agreed in consultation with DCRGA (Department of Community, Rural and Gaeltacht Affairs), responsible for the delivery of axis 3 and LEADER. LAGs assume payment functions to beneficiaries and their activity is monitored by DCRGA, which in turn is dependent from the MA of the programme (DAFF, Department of Agriculture, Fisheries and Food).

*Source: ENRD Thematic Working Group 4 "Delivery Mechanisms of Rural Development Policy" Final Report, December 2011: [http://enrd.ec.europa.eu/policy-in-action/improving-implementation/delivery-mechanisms/en/delivery-mechanisms\\_en.cfm](http://enrd.ec.europa.eu/policy-in-action/improving-implementation/delivery-mechanisms/en/delivery-mechanisms_en.cfm)*

### ***6.2 What should be taken into account when designing CLLD management procedures?***

It is important to take account of the following points when designing procedures linked to control requirements for CLLD, in line with sound financial management:

- *setting-up fair and transparent procedures*: ensuring transparent procedures for avoiding conflict of interest in the project selection process; documenting by LAGs of the project assessment and selection process, for example through publishing minutes for project selection meetings on LAGs websites;
- *avoiding duplication of functions* of different bodies involved in approval, control and payment process; for example in case of strategies funded by several funds: carrying out joint controls by audit authorities in charge of those Funds or introducing arrangements by which they can rely on the results of each other's work;
- *ensuring that eligibility rules are clear* for all the stakeholders; for example by setting out eligibility rules for all the relevant Funds in the grant contracts between the managing authority/intermediate body and the LAG and by presenting those rules on the LAG's websites.

### **6.3 How to avoid common blockages and ensure a more efficient use of CLLD?**

#### **Box 6: Clarification of roles**

Member States shall define the respective roles of the local action group and the authorities responsible for the implementation of the relevant programmes, concerning all implementation tasks relating to the community-led local development strategy.

The decision approving a community-led local development strategy shall set out the allocations of each of the ESI Funds concerned. The decision shall also set out the respective responsibilities for the management and control tasks under the programme or programmes in relation to the community-led local development strategy.

*(Articles 34(1) and 33(5) CPR)*

Based on past experience, managing authorities should take into account the following recommendations:

- *Clarify roles.* Delivery systems must ensure a clear division of responsibilities between LAGs, managing authorities and paying agencies, and avoid any duplication of roles.
- *Balance the administrative burden.* In some administrative systems, the amount of paperwork required from the project promoters appears to be excessive, especially in the case of relatively small projects. Mechanisms that envisage simplified procedures for small projects and reduce the administrative burden at the early stages of project approval may help to encourage potential beneficiaries.
- The use of *simplified cost options* especially for small projects and for running costs/animation. This can reduce the amount of paperwork and controls and should be encouraged.
- *Be realistic and transparent in setting timelines.* Some administrative systems involve complicated procedures of checks and approvals at different levels, which take a long time. As a result, the overall approval process of a project can take many months (sometimes more than a year), and the issuing of payments can take even longer. This can impact on the success of some projects, which are developed to meet specific challenges or opportunities at a certain point in time, and introduce an additional element of uncertainty for the beneficiaries.
- Keep *additional rules* to the *necessary minimum*. Some managing authorities introduce additional restrictions on what is eligible for funding (on top of the general guidelines provided by the CPR and fund-specific regulations). This can hinder the scope of LAGs to respond to local needs and act as a barrier to innovative projects. Additional rules need to have a reasonable justification. It is recommended for example that eligibility rules should focus on clarifying *what cannot be funded*, rather than trying to define everything that can.
- *Simplify procedures for public co-financing.* In some countries, beneficiaries must apply for the national co-financing (including regional and local public contributions) separately from the EU contribution. This can be a way of securing greater commitment from these

authorities, but following several parallel financial and administrative procedures – where a relatively small amount of co-funding from one agency can sometimes determine what projects are actually selected – can undermine the local strategy and selection procedures.

- *Encourage advance payments.* Many local beneficiaries, especially small-scale businesses and NGOs, find it difficult to fund an entire project and then wait to receive a reimbursement. This can also be the case for LAGs, especially newly established ones. One of the key success factors of CLLD approaches in some countries is the availability of funding (from national or regional budgets) for advance payments.<sup>29</sup>
- *Facilitate ownership and initiative by the LAG.* One of the key roles of the LAG is to mobilise potential beneficiaries, provide them with guidance, and carry out promotional and information activities. The delivery rules must ensure that this animation function is supported, and that LAGs are not seen primarily as an extension of the administrative system.
- *Support capacity building* (training, advice, and dissemination of good practices) at all implementation levels (managing authorities, paying agencies, LAGs, and beneficiaries) from the outset. This should include ways to take account of previous experience and lessons learnt; institutions involved in the delivery should ensure continuity and transfer of knowledge between different members of staff in teams.
- *Evaluate the efficiency of delivery systems* – delivery mechanisms play a key role in determining the impact of CLLD. Therefore Member States should ensure that these mechanisms are subject to evaluation during the life of the programme, as set out in the evaluation plan.

#### **6.4 How to ensure coordination between Funds?**

Once the strategic choices have been made and the general approach decided, the implementation mechanisms for CLLD have to be defined. Though the management rules of the different ESI Funds are not fully harmonised, there are ways to facilitate the delivery of CLLD under the proposed legal framework.

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<sup>29</sup> The EAFRD regulation envisages the possibility for certain advance payments, see Articles 42(2) and 45(4) EAFRD. The EMFF regulation envisages the possibility of advance payments in Article 62.2.

#### **Box 7: How to ensure consistency between Funds?**

Support from the ESI Funds concerned to community-led local development shall be consistent and coordinated between the ESI Funds concerned. This shall be ensured inter alia through coordinated capacity-building, selection, approval and funding of community-led local development strategies and local action groups.

*(Article 32(3) CPR)*

Member States should therefore set up a coordination mechanism for CLLD at national or regional level covering all the ESI Funds to ensure a consistent approach at all stages of the process.

#### **6.4.1 Use of intermediate bodies**

In order to facilitate the management of CLLD, Member States and/or regions can decide to delegate its management to an intermediate body<sup>30</sup>, either at the level of each programme/Fund, or as a 'joint' intermediate body for CLLD as a whole.

Such a solution could relieve the individual programme managing authorities of their individual managing tasks as regards CLLD and facilitate the coordination of the approach. From a LAG's perspective, having a single interlocutor among the administration would represent a real simplification since the application process, reporting at local development strategy level and the revision of strategies could be coordinated by one body. To allow a closer link to the LAGs and beneficiaries, the intermediate body could be located at a sub-national or sub-regional level.

Designating a specific intermediate body to be in charge of CLLD could help meeting the need for co-ordination between the different Funds at national, regional and/or local level. The example of local development agencies that have played a similar role in the 2007-2013 period on the local level could be further explored in this regard.

A LAG itself can be designated as an intermediate body in line with CPR<sup>31</sup> and Fund-specific regulations.

#### **6.4.2 Use of joint structures for the coordination of CLLD between Funds**

Apart from the possibilities mentioned above, coordination between the Funds in the area of CLLD should be encouraged. If a Member State or region chooses to set up a joint monitoring committee for all the Funds at national or regional level, a specific coordination structure for CLLD could be attached. In the absence of a joint monitoring committee, it is highly recommended to create a specific coordination structure for CLLD in which at least all the relevant managing authorities would be represented.

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<sup>30</sup> See Article 66(2) of the EAFRD regulation, Article 123(6) of the Common Provision Regulation (for ERDF, ESF and EMFF) which allow delegating certain tasks by the managing or the certifying authority to an intermediate body.

<sup>31</sup> See section 6.1 of this guidance and Article 34(3) CPR.

### 6.4.3 The Lead Fund option for multi-funded local development strategies

#### Box 8: What is the lead Fund?

Where the selection committee for the community-led local development strategies set up under Article 33(3) determines that the implementation of the community-led local development strategy selected requires support from more than one Fund, it may designate in accordance with national rules and procedures, a lead Fund to support all preparatory, running and animation costs under points (a), (d) and (e) of Article 35(1) for the community-led local development strategy.

*(Article 32(4) CPR)*

The lead Fund option is a **tool to simplify the management** of jointly funded strategies. Through the designation of the lead Fund, it will be possible to cover the preparatory, running and animation costs, linked to a local development strategy through one of the Funds only. The use of a lead Fund is optional and does not have to be applied in all cases of multi-funded local development strategy.

The choice of the lead Fund is likely to depend on the activities planned in each local development strategy and the area in question. It might also be influenced by the allocation and availability of funding for CLLD from the different Funds in the respective Member State/region and the different co-financing rates stipulated in the regulations.

When drafting their local development strategies, LAGs should be able to express their preference as regards the lead Fund, based on the decision of the Member State/region on the extent to which the different Funds will be geographically available. The choice of the lead Fund will have implications for the financial plan of their local development strategy.

If a Member State/region wants to apply the lead Fund option, and where a local development strategy envisages the use of more than one Fund, the selection committee will take the formal decision on the lead Fund at the time of selection of each individual local development strategy.

Member States/regions could determine whether on the lead fund option will be made available:

- in the Partnership Agreement (justified by a territorial SWOT analysis, complemented by the sub-regional specificities that might be expressed in the consultation process with the territories interested in implementing CLLD);
- during the phase of preparatory support;
- during the local development strategy selection process.

### 6.4.4 Capacity building for administrations

It is important to ensure at all stages of implementation smooth interaction among the key players of CLLD. Member States/regions are encouraged to facilitate a good communication between the managing authorities, the paying agencies, audit authorities and the LAGs/project promoters.

All authorities involved in the implementation should be made aware of the specificities of CLLD (such as the innovative character of interventions; the involvement of various sectors and sections of local population; the integrated character of the projects; the need to focus not only on quantified outputs but also on qualitative processes generated through the CLLD method; etc.).

#### **6.4.5 Joint capacity-building**

Capacity-building activities should be undertaken jointly by the managing authorities to promote the CLLD method and provide support for the preparation of strategies across the entire national or regional territory.

These activities can be designed under the preparatory support<sup>32</sup> envisaged as one of the elements to be financed under CLLD. Calls for expression of interest could be issued in common for all the Funds and a common pool of expertise made accessible for all interested parties.<sup>33</sup>

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<sup>32</sup> Article 35(1)(a) CPR.

<sup>33</sup> See below under section 8.2 'Preparatory support'.



## 7 HOW TO PREPARE FOR LAUNCHING CLLD? AN EFFECTIVE SELECTION PROCESS

- *Introduction*
- *Timing and type of selection procedure*
- *Drawing up calls and defining selection criteria*
- *Coordinating the selection process between funds*

### 7.1 Introduction

#### **Box 9: Criteria for the selection of local development strategies**

Member States shall define criteria for the selection of community-led local development strategies.

*(Article 33(2) CPR)*

The selection of local development strategies and the setting up of the LAGs is a crucial phase because if it is done well it can make the delivery system far more efficient and reduce the pressure on the managing authority. Member States/regions need to design the procedures and criteria for the selection of local development strategy with great care to reflect among others the strategic vision for CLLD as regards the objectives of the programme(s) to be covered in their country/region.

Experience has shown that the best way to launch local development, especially for new partnerships, is through a two-stage selection process.

### 7.2 Timing and type of selection procedure

#### **Box 10: By when local development strategies shall be selected?**

The first round of selection of community-led local development strategies shall be completed within two years of the date of the approval of the Partnership Agreement. Member States may select additional community-led local development strategies after that date but no later than by 31 December 2017.

*(Article 33(4) CPR)*

This second deadline was set to ensure that new groups which need more time to prepare their local development strategy are not disadvantaged compared to existing LAGs. At the same time, the deadline is supposed to ensure that there is sufficient left time left for strategy implementation until the end of the programming period.

Thus, a call for proposals could be launched at the beginning of the period for existing LAGs and experienced groups that are ready to develop their local development strategy relatively quickly.

### 7.3 Drawing up calls for proposals and defining selection criteria

Managing authorities should specify in the calls for proposals what information is required from the applicants, in which format it should be submitted and against which criteria the proposals will be

assessed. This needs to reflect the minimum requirements laid down in Articles 32-35 CPR, but the managing authorities might want to make further requirements (for example specify further compulsory elements for the content of the strategy and the action plan).

Managing authorities will need to define selection criteria that reflect the added value of the community-led approach. In order to do this, they need to take account of at least three aspects: the quality of the strategy and the partnership proposed, experience of the LAG and the relevance of the area. A minimum set of criteria is laid out in the CPR<sup>34</sup>.

These requirements constitute the starting point for Member States when they develop their selection criteria. Additional criteria could be added depending on the Member State's strategic vision for CLLD. Fund-specific criteria should be added, where relevant, in line with the specific objectives of the different Funds involved.

Where possible, it is recommended that selection criteria are included in the programmes to provide a sufficient visibility for the potential beneficiaries.

In a multi-fund scenario, Member States could include common selection criteria already in the Partnership Agreement, to ensure better integration of the funds and clear and simple guidance to the beneficiaries.

### **7.3.1 Call for proposals for existing LAGs**

The call for proposals should give LAGs sufficient time to elaborate their strategy. When deadlines are established the level of experience of the applicants needs to be considered, and – in the case of multi-funding – the extent to which an existing LAG will need to adjust their local development strategy, partnership and area if it decides to use several Funds. The experience with LEADER shows that the elaboration of a strategy takes at least six months and up to one year. This time is needed to ensure proper involvement of the local community.

To facilitate the elaboration of strategies the applicants should receive preparatory support (see point 8.2 'Preparatory support').

### **7.3.2 Call for expression of interest for new LAGs**

A two-stage selection process involving launching a call for expressions of interest at the beginning of the programming period has proven effective in many Member States. Applicants responding to the call for expression of interest that are accepted should receive support during a capacity-building phase to help them draw up their local development strategy. This can be financed through preparatory support. The capacity building phase can last between six to twelve months depending on the level of experience (see point 8.2 'Preparatory support'). At the end of the capacity-building phase, once the LAGs have elaborated their strategies, the final selection takes place. For this, the same assessment criteria should be used as in the call for proposals for the existing LAGs. This ensures that all strategies that are selected meet a certain standard of quality.

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<sup>34</sup> See Box 3.

### 7.3.3 Assessing the calls for proposals

To ensure that CLLD is effective and achieves a maximum of added value, Member States / regions should only select strategies that have reached a certain level of quality.

Strategies should compete against a common standard for CLLD rather than against each other, i.e. they are competing mainly on the basis of the quality achieved.

A high-quality strategy can be measured using the type of selection criteria as indicated in Annex 4.

### 7.3.4 The selection committee

#### **Box 11: Selection committee of the local development strategies**

Community-led local development strategies shall be selected by a committee set up for this purpose by the managing authority or authorities responsible and approved by the managing authority or authorities responsible.

*(Article 33(3) CPR)*

In a mono-fund scenario, the selection committee can be Fund-specific. In the case of multi-funding, joint selection committees should be organised in which the relevant managing authorities are represented. In this context, there are three options in terms of administrative arrangements:

- 1) the Member States/regions could decide to establish a specific joint administrative team to undertake the selection of local development strategies;
- 2) the Member States/regions could also set up a system of coordination in a way that multi-fund strategies are selected in an extended forum composed of the managing authorities in charge of the relevant funds with support from local development experts;
- 3) Member States/regions can also entrust the administrative lead of the selection process to one managing authority, but final decisions should rest in the hand of the joint selection committee.

The assessment of the applications will normally be carried out by a group of experts<sup>35</sup> appointed by the managing authority/ies. This group can include officials of the authorities, but in order to achieve an adequate level of expertise in the assessment it is strongly recommended to provide for external experts. It is a good practice to ensure that each application is assessed (against the selection criteria) by at least two different experts and that they have an opportunity to confront their views on each application assessed. At the end of this assessment, the proposals should be ranked by quality and handed over to the selection committee.

This committee should be run under the leadership of the managing authorities. The selection committee members should present a sufficient level of experience in programme management, but also specific knowledge based on practical experience with local development and with the delivery of public policies on the ground. Strategies with a specific thematic or sectoral focus (e.g. on marginalised groups or fishing communities) would require the presence of relevant experts and

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<sup>35</sup> Persons with a sound experience of local development and the specific sector, if appropriate. They should sign a declaration of non-conflict of interest regarding the applications they are to assess.

stakeholders. It is also strongly recommended to ensure a balanced representation of public authorities and stakeholders/experts and to aim at gender-balance.

### **7.3.5 Feedback phase and allocation of budgets**

Once the LAG's initial proposal has been assessed, it is highly recommended that the managing authority or selection committee provides feedback to the LAG on the aspects that could be improved. The feedback phase may take the form of an on-going dialogue between the managing authority or selection committee and the LAGs. It is recommended that this feedback phase includes informing the LAG by the managing authority on the size of the budget allocation. LAGs should then be able to fine-tune their financial plans according to the indications given by the authorities.

On the one hand, it needs to be ensured that the budget is sufficient to implement the action plan provided in the strategy. On the other hand, the managing authority needs to make sure that the budgets are not too high since this bears the risk that LAGs focus on expensive operations in order to absorb their budget with little consideration for real local needs.

It is recommended that the distribution of funding between LAGs is based on the quality of the proposal (in terms of both the strategy and the partnership), the actions proposed in the action plan and the feasibility of its implementation.

## **7.4 Coordinating the selection process between funds**

Where a Member State or region has opted for a **mono-fund approach**, the selection procedures for the different Funds should also be coordinated. It is recommended that calls for proposals are issued in parallel, using compatible selection criteria and ideally common deadlines. This would allow the different selection committees to ensure coherence between local development strategies supported by different Funds, especially where they cover overlapping areas. In the case of mono-fund strategies, it is recommended that the call for tenders should also give an indication of the maximum budget available from a specific Fund, as well as an indicative number of local development strategies envisaged.

If a Member State/region offers the possibility of **multi-funded strategies**, a common selection procedure for CLLD should be organised. This means that joint calls for proposals should be launched with common selection criteria, common deadlines and joint selection committees for all Funds involved.

It is recommended that a potential LAG should be able to access a 'one-stop-shop' for all questions related to the selection procedure.

In order to be able to draw up the **financial plan for their strategies**, LAGs need to know what level of funding is available for CLLD from each of the Funds. This information, together with the maximum number of local development strategies to be potentially selected should be included in the call for proposals. This will enhance the quality, realism and prioritisation of strategies and avoid unrealistic or overambitious approaches. Member States should already have given an indication of the maximum budget available for CLLD from the different ESI Funds in the Partnership Agreements and in the different programmes.

## 8 WHAT CAN BE SUPPORTED BY CLLD? INCREASING FLEXIBILITY, REDUCING RISK

- *The different types of support for CLLD*
- *Preparatory support*
- *Implementation of the local development strategies: local projects*
- *Cooperation: cooperation projects and their preparation*
- *Running costs and animation*

Discussions over eligibility are the biggest single cause of delays and frustrations in the delivery chain. Getting this clear from the outset is a necessary and important step to deliver successful CLLD.

Risk is experienced by all levels in the delivery chain. Reducing risk can be achieved by ensuring that all levels have a shared and clear understanding of eligibility. The managing authorities play a key role in clarifying these questions.

### 8.1 *The different types of support for CLLD*

#### **Box 12: What does support for local development shall include?**

Support for community-led local development shall cover:

- the costs of preparatory support [...];
- implementation of operations under the community-led local development strategy;
- preparation and implementation of the local action group's cooperation activities;
- running costs linked to the management of the implementation of the community-led local development strategy [...];
- animation of the community-led local development strategy [...].

Support to running costs and animation [...] shall not exceed 25% of the total public expenditure incurred within the community-led local development strategy.

*(Article 35 CPR)*

All five types of support have to be seen as a coherent set, which should be at the disposal of potential beneficiaries for the implementation of CLLD. All five types of support are to be considered as mandatory elements of the approach; hence they should be supported under each programme implementing CLLD. Only the EAFRD and EMFF regulations regulate cooperation specifically, which means that its widespread use in the implementation of CLLD in those two policies is strongly encouraged. In any case, on the local level it should be left to the discretion of the LAGs, whether to take up cooperation in their local development strategy.

It is recommended to make widespread use of the simplified cost options offered by the Common Provision Regulation.

Similarly to the delivery of other parts of programmes, CLLD can be delivered at local level via grants and financial instruments. Financial instruments (such as microcredit schemes) could be made accessible for potential beneficiaries as an additional source of financing.

## 8.2 Preparatory support

### Box 13: Preparatory support

Support for community-led local development shall cover the costs of preparatory support consisting of capacity building, training and networking with a view to preparing and implementing a community-led local development strategy. Such costs may include one or more of the following elements:

- training actions for local stakeholders;
- studies of the area concerned;
- costs related to the design of the community-led local development strategy, including consultancy costs and costs for actions related to consultations of stakeholders for the purposes of preparing the strategy;
- administrative costs (operating and personnel costs) of an organisation that applies for preparatory support during the preparation phase;
- support for small pilot projects..

Such preparatory support shall be eligible regardless of whether the community-led local development strategy designed by the local action group benefitting from the support is selected for funding by the selection committee set up under Article 33(3).

*(Article 35(1)(a) CPR)*

The preparatory support has been designed as part of CLLD to enhance the creation of local partnerships and assist the design of the local development strategy. It is thus meant as a tool for the preparatory phase before the strategies are selected and implemented.

Preparatory support for all ESI Funds shall cover **capacity-building of local actors** and provide support for the activities linked to the **preparation of the strategies**. Capacity building is to be understood here in the sense of what is needed to prepare LAGs for the implementation of local development strategy. Further capacity building actions remain eligible throughout the implementation phase, but are then supported by the budget for running costs and animation.

The authorities of the different Funds should ensure the consistency of preparatory support and coordinate CLLD capacity building and selection of local development strategy<sup>36</sup>. The preparatory support should therefore be offered as a **coherent set of actions** coordinated between the authorities for the different Funds as part of the coordination of CLLD which is set out in the Partnership Agreement. Accordingly, the managing authorities of the different Funds should design one or a set of schemes for preparatory support for CLLD in their respective programmes, earmarking a specific

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<sup>36</sup> See Box 6.

part of the CLLD budget for this purpose. Where the approach is new, more funding for preparatory support might be needed.

Managing authorities could offer preparatory grants by issuing ‘**calls for expression of interest**’ and allocate some funding to the beneficiaries selected, for example in form of lump sums.

Preparatory support can be provided from 1 January 2014 and it is recommended that it should be made available until the approval of the last local development strategy. Preparatory support for beneficiaries ends when they start to receive funding for the implementation of the local development strategy.

Managing authorities are encouraged to use **technical assistance of the 2007-2013 period** to inform the relevant stakeholders how CLLD will be implemented from 2014 (for instance by organising seminars, workshops at local level, issuing guidance etc.) Under the EAFRD, Member States should more specifically be able to use technical assistance funds of the 2007-2013 programmes to help local actors in preparing their local development strategy for 2014-2020 during the transitional period<sup>37</sup>.

### 8.2.1 Specific provisions in the EAFRD regulation

The EAFRD regulation offers a specific type of preparatory support (which is optional for the Member State/region): **LEADER start-up kit**<sup>38</sup>. This is offered as a tool in addition to the ‘standard’ preparatory support, which is a mandatory part of the programmes<sup>39</sup>.

The start-up kit should in particular apply in areas with less advanced and developed governance structures. Those areas might need more time to become acquainted with and test the method on a smaller scale. The start-up kit consists of capacity building actions and support for small pilot projects for groups that have not operated under LEADER in the 2007-2013 period. (In cases where the bigger part of the territory is already now involved in the implementation of the LDS, it should not be allowed to get support from the start-up kit.)

Member States/regions are free to design both the capacity building and the small pilot projects in a way that best fits the needs of the territories/partnerships concerned. The idea behind the start-up kit is to test the CLLD method in a specific area. The Member States/regions may decide that the process to enable the creation of local partnerships, analysis of the territorial potential and needs, as well as the identification of the main themes should be the main axes of the development process in a specific area. The small projects would consequently contribute to the local themes defined in the bottom-up process. In this case, the project promoters could be for example NGOs, associations, public authorities or even individuals.

The LEADER start-up kit is a ‘phasing-in’ tool, which can cover the whole funding period. The partnerships benefiting from the kit are not supposed to submit a CLLD strategy. In any case, as long as a beneficiary is getting support from the start-up kit, it cannot benefit in parallel from the LEADER support.

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<sup>37</sup> Article 41(a) Regulation 335/2013 (amending Regulation 1974/2006).

<sup>38</sup> Article 43 EAFRD.

<sup>39</sup> Article 35(1)a CPR

### **8.3 Implementation of the local development strategy**

The financial support for projects to implement the local development strategy is the most important component of the CLLD. These projects contribute to the specific targets, and objectives of the LDS.

#### **8.3.1 What is eligible?**

Eligibility rules will be defined at national level<sup>40</sup> and will be limited by the scope of each Fund and each programme. The specific Fund regulations contain some specific limitations to the eligibility of actions (for example, Article 11 EMFF excludes certain operations that would increase the fishing capacity of a vessel). In this regard, it could be helpful for managing authorities to issue a list of clearly ineligible activities.

Beyond this set of rules, experience has shown that additional rules should not be added unless clearly justified.

The eligibility of **contributions in kind**<sup>41</sup> is essential to meet the character of the voluntary work involved in the implementation of local projects.

As regards **state aid**, depending on the nature of the operation, state aid rules may be applicable. Support provided may fall under a block exemption regulation, a state aid scheme approved by the Commission, the SGEI (Services of General Economic Interest) decision for ‘services of general economic interest’ or the ‘de minimis’ rule. Where this is not the case, an individual notification is required. It is expected, though, that most CLLD projects will fall under the ‘de minimis’ rule.

#### **8.3.2 Projects pursuing the objectives of different Funds**

Drawing strict demarcation lines between the scope of intervention of different Funds in the programmes should be avoided for CLLD. However, the rule that a beneficiary cannot claim a reimbursement for the same expenditure item from different sources should be respected and should be reflected in the monitoring system.

Drawing strict demarcation lines between the scope of interventions of different Funds may make it difficult to finance important local development activities. Where a local development strategy is financed by a single fund, that fund, should offer its full scope of support.

For example, if a rural LAG wants to submit a training project for LEADER funding although it is only supported by the EAFRD, the LAG should check whether the project:

- corresponds to the objectives of the EAFRD and of the Rural Development Programme,
- is coherent with the local development strategy, and
- complies with relevant legislation.

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<sup>40</sup>Article 65 CPR

<sup>41</sup>Article 67(1)(a) CPR



If these conditions are fulfilled, the EAFRD managing authority should not reject the project for EAFRD support with the argument that the project also falls under the eligibility of the ESF.

In a context of jointly funded strategies, the LAGs should explain in their local development strategy, which types of actions correspond to the objectives of the different ESI Funds and should be funded by each Fund. This choice should be confirmed by the local development strategy selection committee.

Complex projects going beyond the objectives or priorities of one specific Fund can be split in several operations in order to be funded by different funds simultaneously. In any case, the managing authorities have to ensure that there is not any double funding of the operation.

### **8.3.3 Who can be the beneficiaries of the projects?**

In general, projects are carried out by **private or public project promoters**, who have applied to the LAG for funding their project.

The **LAG itself** or one of the **LAG members** can also be project promoters. This might be the case if the project has a collective or territorial dimension, or creates a framework (studies, infrastructure, training, etc.) needed for the implementation of the strategy. It is often moreover appropriate in case of cooperation projects, since these projects require a higher degree of coordination.

## ***8.4 Cooperation projects***

Under CLLD, the Funds may finance the preparation and implementation of co-operation activities of local action groups<sup>42</sup>.

The EAFRD and the EMFF regulations specifically define the scope and rules of co-operation for LEADER LAGs and EMFF FLAGs. As in the 2007-2013 period, support will be available for implementation of inter-territorial and transnational projects. In addition preparatory technical support can be supported (e.g. costs for meetings between potential partners, studies etc.), if the LAGs demonstrate that they are preparing the implementation of a cooperation project.

For the sake of simplification and consistency, it is highly recommended to use the same rules for the ERDF and the ESF.

Rural LAGs and FLAGs in fisheries and coastal areas are now explicitly allowed to co-operate not only with partners implementing a local development strategy in respectively rural or fisheries areas, as was the case in 2007-2013, but also with local public-private partnerships in other types of areas which are implementing a local development strategy. Cooperation with local public-private partnerships located outside the borders of the EU will also be possible, although the EAFRD restricts this possibility to partners located in rural areas, whilst the EMFF does not limit the type of areas eligible.

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<sup>42</sup> As regards cooperation under an ETC cross-border programme (Article 10 ETC), see Annex 5.

This opportunity could e.g. foster synergies between local groups running separate strategies but located in (partly) the same area (e.g. urban-rural or rural-fisheries or urban-fisheries). Apart from the advantage of exchanging experience and mutual learning, LAGs would benefit from developing co-operation around major themes that are better dealt with on a bigger scale.

The experience with LEADER and Axis 4 of the EFF shows that in many cases it is the LAG/FLAG itself who will be beneficiary of the cooperation projects, since they are more complex to design and to manage than local projects.

As regards the management of cooperation projects, there are *two possibilities* (based on the experience of LEADER):

#### **8.4.1 Selection of cooperation projects by the LAGs**

In the first option, cooperation is integrated in the local development strategies and funding for cooperation (covering preparatory support and projects) is allocated at the same time as the local budget. Cooperation projects are selected by the local action groups in the same way as local projects.

#### **8.4.2 Selection of cooperation projects by managing authorities**

As cooperation projects are more demanding in their design and management, some Member States may opt to let the managing authority select these projects and in addition to organise calls for the preparatory technical support for them<sup>43</sup>. This has to be understood as an exception to the bottom-up approach.

In this case, as regards EAFRD, the managing authorities must set up a system of on-going applications. Decisions on the allocation of funding should take place within 4 months after the date of submission of the project<sup>44</sup>. If the selection of projects is organised through calls, it is recommended to issue at least three to four calls a year in order to assure a similar pace of approval by all the managing authorities concerned by a cooperation project. In any case this should be often enough not to hinder the implementation of projects involving partners stemming from different programme areas.

In order to facilitate the implementation of projects involving the approval of different national or regional administrations, Member States/regions should make appropriate provisions to ensure that differences in selection procedures and deadlines do not discourage LAGs from cooperation.

As regards *transnational cooperation*, under the EAFRD and the EMFF the following obligations are envisaged for Member States in order to support the overall implementation of those projects<sup>45</sup>:

The administrative procedures have to be made public, including a list of eligible costs.

The Member State also has to communicate the approval of all transnational projects on a regular basis to the Commission. For the EAFRD, the Commission will set up an information exchange

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<sup>43</sup> This has been the case under LEADER in the 2007-2013 and previous programming periods.

<sup>44</sup> This is compulsory under the EAFRD (Article 44.3) and EMFF (Article 64.4).

<sup>45</sup> See: Article 44 EAFRD and Articles 64.3 and 64.5 EMFF.

system which will help the involved authorities to have an overview on the approval process of a project in different Member States.

### **8.5 Running costs and animation**

It is recommended that the programmes mention an indicative estimate of expenditure to be used for running costs and animation for CLLD.

During the implementation, on the level of each local development strategy, the running and animation costs for each local development strategy should not exceed 25% of the total public expenditure incurred for this strategy (amount spent by a LAG)<sup>46</sup>. Running costs and animation are directly linked to the implementation of the strategy.

The maximum of 25% refers to running costs and animation counted together, the internal split between those two types of support being left to the discretion of Member States/regions and LAGs, in order to adjust it to the specific needs and conditions, although both needs must be addressed.

The support for running costs and animation starts with the implementation of the local development strategy. All support incurred before the implementation of local development strategy falls under preparatory support.

#### **8.5.1 Running costs**

##### **Box 15: What do the running costs consist of?**

Support for community-led local development shall include [...] running costs linked to the management of the implementation of the community-led local development strategy consisting of:

- operating costs,
- personnel costs,
- training costs,
- costs linked to public relations,
- financial costs as well as
- costs linked to monitoring and evaluation of the strategy as referred to in point (g) of Article 34(3);

*(Article 35(1)(d) CPR)*

It is strongly recommended that LAGs should, as a minimum, be supported for the following cost items:

- operating costs ( also linked to insurance<sup>47</sup>);
- personnel costs;

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<sup>46</sup> See Article 35(2) CPR; this means that at the end of the implementation phase the share of the running and animation costs (Article 35(1)(d) and 35(1)(e) CPR) incurred for a LDS should not exceed 25% of the sum of the costs incurred under Articles 35(1) (b), (c), (d) and (e) CPR.

<sup>47</sup> Insurance fees are linked to the operating costs of the LAG such as liability insurance, household insurance etc.

- training costs for LAG staff and members (training for project promoters is not to be financed through the running costs);
- costs linked to public relations (including networking costs, such as participation of LAG staff and members in networking meetings with other LAGs);
- financial costs (for example fees for bank account management);
- costs incurred for monitoring and evaluation of the local development strategy (on LAG level) and for updating it.

It is recommended to make use of simplified cost options and to apply a system of advances for the running costs<sup>48</sup> to allow LAGs to meet their cash flow needs.

### 8.5.2 Animation

#### **Box 16: What are costs linked to animation?**

Support for community-led local development shall include [...] animation of the community-led local development strategy in order:

- to facilitate exchange between stakeholders to provide information and to promote the strategy; and
- to support potential beneficiaries with a view to developing operations and preparing applications.

*(Article 35(1)(e) CPR)*

Animation activities are important for stimulating a local development process and should be proportionate in relation to the needs identified by the LAG in terms of project development under the local development strategy. Most LAGs consider that the main part and value of their work comes from animation activities. This has been confirmed by the European Court of Auditors<sup>49</sup> as well as through the evaluations of the different generations of LEADER. This should be taken into account by Member States, in case they want to define additional eligibility criteria for animation costs in the programmes.

LAGs should use various means to inform the local community about the possibilities for project grants: at public meetings and events, through leaflets and publications, through web sites, and via the members of LAGs. In this way, the LAGs not only respond to the existing demand for grants, but also potentially encourage other local actors to consider new investments or other projects.

Animation costs can also include specific personnel costs for development officers. The costs of such officers should be regarded as animation costs and not as running costs.

Article 32(4) CPR provides for the possibility to decide for one of the ESI Funds to be the lead Fund (see chapter 6.3.3) to cover all preparatory, running and animation costs for a given local development strategy.

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<sup>48</sup> Explicitly provided for in Articles 42(2) EAFRD and 62(2) EMFF.

<sup>49</sup> In its Special Report No.5/2010 "Implementation of the LEADER approach for rural development", see above.

## 9 HOW TO MONITOR AND EVALUATE CLLD?<sup>50</sup>

- *Monitoring CLLD*
- *Evaluating CLLD*

### **Box 17: setting-up targets and monitoring arrangements in a LDS**

A community-led local development strategy shall contain [...]:

- a hierarchy of objectives, including measurable targets for outputs or results. In relation to results, targets may be expressed in quantitative or qualitative terms.
- a description of the [...] monitoring arrangements of the strategy [...] and a description of specific arrangements for evaluation.

*(Articles 33(1)c and 33(1)f CPR)*

To fulfil its monitoring obligations at programme level, the managing authority has to require from the LAGs information on each of the projects that are selected<sup>51</sup>: financial information and information on the progress of the projects, using the indicators included in the relevant programmes<sup>52</sup>. LAG annual reporting should therefore contribute to the programme annual implementation report. It is recommended that the data should be transmitted to the managing authority via electronic means.

As far as Performance Framework requirements are concerned, it is recommended to use “the number of local development strategies selected in 2017 under each Fund” as a key implementation step, “the number of local development strategies implemented in 2023” as an output indicator and the total eligible expenditure for CLLD (entered into the accounting system of the certifying authority and certified by this authority) as a financial indicator. Further output indicators can be used such as “the number of preparatory grants” or “the number of cooperation projects”. For EAFRD, the output indicators used for checking the achievement of milestones and targets are established on the EU level for each priority. In the case of priority 6, the output indicator to be used is the total public expenditure.

CLLD is implemented within the framework of the Member States' programmes and their priorities. By achieving the objectives of the local development strategies, local action groups contribute towards the objectives of the relevant programme priorities. The approach for evaluating this CLLD contribution should therefore be established in the programme evaluation plan.

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<sup>51</sup> Each individual operation is supported by one fund and follows its monitoring and financial reporting requirements.

<sup>52</sup> Including EU level common indicators.

It is also recommended to evaluate the effectiveness and efficiency of the CLLD delivery arrangements<sup>53</sup>. For the EAFRD and the EMFF, the evaluation plan should also specify the approach taken for the ex-post evaluation, especially regarding data collection and the role of self-evaluation.

It is the responsibility of the managing authority to undertake further monitoring and evaluation activities, in particular when preparing the implementation reports due in 2017 and 2019:

- For the EMFF, monitoring surveys or expert evaluations could for example be undertaken on a representative sample of projects in order to validate the estimates made by final beneficiaries.
- For the ESF, the common longer-term result indicators should be collected on a representative sample of participation records, for example through monitoring surveys.
- For the EAFRD, each LAG-supported project should be linked to the focus areas in the same way as projects funded by other measures (i.e. principal focus area, possibly other focus areas with significant effects, and multiple focus areas for priorities 4/5), and the relevant target indicator(s) should be used. Subsequent calculation of results, and validation of the estimates, would be done on a similar basis to that for the programme as a whole (sampling and adjustment of estimates). However it remains to be seen whether this would be included within the evaluation activities for the programme as a whole, or would be done separately at LAG level.

Specific capacity-building activities should be planned for both the managing authorities and the local groups. This could in particular include guidance on self-evaluation for the LAGs, indicating how self-evaluation can become a tool contributing to the management of the local groups and to the data collection strategy at programme level.

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<sup>53</sup> As regards the EAFRD, the proposal for the Evaluation Plan should include a specific section on LEADER/CLLD and the support to be provided to LAG.

## ANNEX 1 - LINK BETWEEN CLLD AND THEMATIC OBJECTIVE, INVESTMENT PRIORITIES, UNION PRIORITIES AND FOCUS AREAS

Programming of CLLD	Common Strategic Framework Thematic Objective	Fund specific priority
<b>EAFRD</b>	9. Promoting social inclusion, combating poverty and any discrimination	<b>Focus Area 6b.</b> Promoting local development in rural areas
<b>ERDF</b>	9. Promoting social inclusion, combating poverty and any discrimination	<b>Investment priority 9d:</b> Undertaking investment in the context of community-led local development strategies.
<b>ESF</b>	9. Promoting social inclusion, combating poverty and any discrimination	<b>Investment priority:</b> Community-led local development strategies.
<b>EMFF</b>	8. Promoting sustainable and quality employment and supporting labour mobility	<b>Union priority 4:</b> Increasing employment and territorial cohesion by pursuing the following specific objective: the promotion of economic growth, social inclusion and job creation, and providing support to employability and labour mobility in coastal and inland communities which depend on fishing and aquaculture, including the diversification of activities within fisheries and into other sectors of maritime economy.

## ANNEX 2 - CO-FUNDING RATES AND AID-INTENSITY RATE OPTIONS

	<b>ERDF / ESF</b>	<b>EAFRD</b>	<b>EMFF</b>
<b>EU co-financing rate(s)</b>	<p>Maximum co-financing rates <b>at priority axis level</b> (Article 120 Common Provision Regulation)</p> <ul style="list-style-type: none"> <li>– 80% to 85% for the less developed regions;</li> <li>– 60% for transition regions;</li> <li>– 50% for more developed regions.</li> <li>– 85% for ETC programmes.</li> </ul> <p>For priorities dedicated to CLLD, top-up bonus of 10% points.</p>	<p>LEADER is compulsory with a minimum of 5% of the EAFRD funding per Member State.</p> <p>Maximum co-financing rates (Article 59(4) EAFRD Reg.):</p> <ul style="list-style-type: none"> <li>– up to 80% in ‘other regions’ (compared to 50% in 2007-13 period);</li> <li>– up to 90% in the less developed regions (compared to 85% in 2007-13 period).</li> </ul>	<p>The maximum co-financing rate under the EMFF is 75% for all regions. The EMFF no longer distinguishes between convergence and non-convergence regions.</p> <p>If Union priority 4 of the EMFF is dedicated solely to CLLD the co-financing rate is increased by 10% (Article 94(4) EMFF).</p>
<b>Aid intensity for operations under CLLD</b>	No aid intensity rate on Union level	No aid intensity rate on Union level	<p>Recommended approach to aid intensity rates (including calculation of support)</p> <p>The maximum aid intensity rate under the EMFF is generally 50% (with some exceptions). Article 95(3)(b) EMFF states that Member States may apply an intensity of public aid between 50% and maximum 100% of the total eligible expenditure when the operation is implemented under CLLD and if the operation provides public access to its results. It sets out the following criteria which should be used by Member States to determine aid intensity rates for operations under CLLD:</p> <ul style="list-style-type: none"> <li>(a) collective interest;</li> <li>(b) collective beneficiary;</li> <li>(c) innovative features where appropriate at local level.</li> </ul>



### ANNEX 3 - PRINCIPLES OF THE FUND-SPECIFIC SUPPORT FOR CLLD

<b>ERDF</b>	<p>Legal basis for funding is Article 3 ERDF on the scope of the fund and Article 5 ERDF with 11 investment priorities under which the ERDF can intervene. Article 3(2) ERDF provides a negative list of activities not eligible: the decommissioning of nuclear power stations; the reduction of greenhouse gas emissions in installations falling under Directive 2003/87/EC; the manufacturing, processing and marketing of tobacco and tobacco products; and undertakings in difficulties as defined under EU state aid rules. Eligibility rules are defined at national level (Article 65 CPR).</p> <p>Article 18 ETC refers to Article 65 CPR and to possible eligibility rules established by the monitoring committee for the cooperation programme as a whole. The eligibility rules would apply to all Member States covered by the cooperation programme.</p> <p>“For matters not covered by eligibility rules laid down in, or on the basis of Articles 65 to 71 of Regulation (EU) No 1303/2013 [CPR], Regulation (EU) No 1301/2013 [ERDF], in the delegated act referred to in paragraph (1) or in rules, established jointly by the participating Member States in accordance with paragraph (2) of this Article, the national rules of the Member State in which the expenditure is incurred shall apply<sup>54</sup>.”</p>
<b>ESF</b>	<p>Legal basis for funding is Article 3(1) ESF on the scope of the fund, which lists the 19 investment priorities under which the ESF can intervene. Local development strategies have to be in line with the objectives of the programme from which they draw their funding.</p> <p>The ESF can support CLLD, which is a tool for promoting territorial development, in two ways (or a combination of both):</p> <p>CLLD can either be mainstreamed under the selected investment priorities of the programme (Article 12 ESF) or</p> <p>CLLD can be programmed under the CLLD investment priority (Article 3(1)(b)(vi) ESF).</p> <p>When a programme includes CLLD under the CLLD investment priority, the scope of the policy areas which can be supported within this CLLD investment priority will not be as wide as the scope of the ESF Regulation, since it will need to be consistent with the challenges, objectives and priorities for CLLD identified in the Partnership Agreement.</p> <p>Article 13(4) ESF provides a list of expenditures which are not eligible under the ESF: infrastructure, land and real estate. Most eligibility rules are defined at national level (Article 65 CPR).</p>

<sup>54</sup> See: Article 18(3) ETC

<p><b>EAFRD</b></p>	<p>Legal basis for funding is Article 6(1) EAFRD, LEADER being included in Title III, under Chapter 1 ‘Measures.’ The articles on LEADER (Articles 42-44 EAFRD) and general eligibility rules set out under EAFRD (e.g. Article 45 on investments; Article 60 on eligible expenditure) provide more detailed rules.</p> <p>As LEADER is a method used for rural development on the local level, its scope covers in principle all the instruments supported by the EAFRD. However, in order to avoid administrative burden and allow for a transparent monitoring of the programme, LEADER should be programmed as a separate measure and split into sub-measures corresponding to its obligatory elements.</p> <p>It is recommended not to strictly bind the activities under LEADER to the standard measures as defined in the programme. The individual operations should be eligible if they contribute to achieving the objectives of the local development strategy and correspond to the objectives and priorities indicated for support under LEADER in the PA and programme. Consequently, the LDS should be the main criterion to assess the eligibility of LEADER projects and, in addition, the operations could also fit into the types of operations as defined under the "standard" measures in programme.</p>
<p><b>EMFF</b></p>	<p>Legal basis for funding is Article 5 EMFF on the objectives of the support under the EMFF and Article 6 EMFF setting out the six Union priorities for the EMFF.</p> <p>Article 11 EMFF provides a list of operations which are not eligible under the EMFF since they would contradict the objectives of the Common Fisheries Policy.</p> <p>Article 63 EMFF lists the objectives for the implementation of local development strategies. The list has been phrased in terms of broad objectives rather than narrowly defined measures to allow maximum flexibility for the local level. Member States cannot restrict this scope by removing any of these objectives; the ‘full menu’ needs to be provided to the Fisheries LAGs.</p>

## ANNEX 4 - EXAMPLES OF SELECTION CRITERIA FOR LOCAL DEVELOPMENT STRATEGIES

A local development strategy should be given a score for each selection criterion, and an overall score for the different aspects of the assessment (the quality of the strategy and the action plan proposed, the quality of the partnership, the relevance of the area). It is up to the Member States to determine how the different criteria should be weighed against each other.

Selection criteria	Weighting	Criteria for score out of ten	Total Score
Is there evidence that the local community was involved in the elaboration of the strategy?	2	e.g. List of consulted persons, list of meetings, supporting statements, participative techniques (e.g. participative swot analysis, other community planning techniques used)	7*2
Does the strategy reflect the development needs of the territory?	2	There is a clear and logical link between strategy and actions and the SWOT analysis	
Is the strategy relevant in terms of its priorities and objectives?	2	Structured in priorities, each priority has objective, actions, indicators	
Is the action plan coherent?	2	The action plan is an organised list of activities each of which is described in broad terms.	
Is the budget logically distributed between the main actions and does it reflect the strategy?	1	Budget is broken down into relevant headings in the work programme	
Are the financial resources provided sufficient to implement the action plan? (i.e. is it feasible?)	1	Financial resources have been estimated for each action heading	
Does the strategy complement other interventions in the area, especially with other Local Development Strategies?	1	Strategy takes note of other interventions (they are listed, mapped and related to)	
What is the relationship with other partnerships? Are there methods and systems of	1	Other partnerships have been identified and mapped in	

coordination that ensure synergy with other Funds intervening in the area?		relation to this partnership. Systems of coordination have been set up (e.g. regular meetings with other LAGs)	
What is the experience and capacity of the partnership and lead partner in terms of administrative and financial management?	2	Lead partner has previous experience of running local development partnership. Lead partner has designated and dedicated people to organise administrative and financial management	
Does the partnership reflect the priorities of the strategy, especially in the case of funding from several ESI Funds?		Number and origin of partners Area of policy covered	
Is there capacity to animate the area?	1	Resources have been set aside for activation work	
Are working and decision-making procedures clear and transparent?	2	Governance structure is explained	
Is the area sufficiently coherent with sufficient critical mass	1	Size of area in sq. km and population, geographical nature and coherence	

## **ANNEX 5 - CLLD AND ETC**

CLLD under Article 32 CPR can be supported also from the ERDF cross-border programmes on condition that the LAG is composed of representatives of at least two countries, of which one is a Member State (Article 10 ETC). It is also important that the local action group reflects the cross-border dimension in terms of languages covered. It should be noted that the ETC programmes are supported by ERDF only.

Under the ETC regulation, it is the monitoring committee that selects operations for EU support (Article 12 ETC). In general, beneficiaries should cooperate in the development, implementation, staffing and financing of operations, which need to have a cross-border impact. In operations carried out by two or more beneficiaries, a lead partner should be designated among them, who is responsible for implementation of the operation, its sound financial management and verification of expenditure of beneficiaries, if it is not carried out by the managing authority. Specific rules on eligibility of expenditure for ETC programmes are established by the Commission in Delegated Regulation (EU) No 481/2014 of 4 March 2014 supplementing Regulation (EU) No 1299/2013 of the European Parliament and of the Council with regard to specific rules on eligibility of expenditure for cooperation programmes followed by the eligibility rules for the programme established by the monitoring committee (Article 18 ETC). With reference to running costs and animation of the local development strategy, Article 35 CPR applies. Article 3(3) of delegated act 1299/2013 provides the reimbursement options for staff costs, one of which is Article 19 ETC which provides a framework for direct staff costs of a cross-border operation which may be calculated as a flat rate of up to 20% of the direct costs other than the direct staff costs of that operation.

The co-financing rate at the level of each priority of ETC programmes should be not higher than 85%.

## **ANNEX 6 - COMMONLY USED ACRONYMS AND ABBREVIATIONS IN CLLD**

<b>CLLD</b>	community-led local development
<b>CPR</b>	Common Provisions Regulation
<b>CSF</b>	Common Strategic Framework
<b>EAFRD</b>	European Agricultural Fund for Rural Development
<b>EFF</b>	European Fisheries Fund
<b>EMFF</b>	European Maritime and Fisheries Fund
<b>ENRD</b>	European Network for Rural Development
<b>ERDF</b>	European Regional Development Fund
<b>ESF</b>	European Social Fund
<b>ESI Funds</b>	European Structural and Investment Funds (EAFRD, EMFF, ERDF, ESF and Cohesion Fund)
<b>ETC</b>	European Territorial Cooperation
<b>FARNET</b>	European Fisheries Areas Network
<b>FLAG</b>	Fisheries Local Action Group
<b>IB</b>	intermediate body
<b>ITI</b>	integrated territorial investment
<b>LAG</b>	local action group
<b>LDS</b>	local development strategy
<b>LEADER</b>	Liaisons entre Actions de Développement de l'Economie Rurale
<b>MA</b>	managing authority
<b>PA</b>	Partnership Agreement