COMMUNITY LED RURAL DEVELOPMENT EUROPEAN UNION POLICY 2014-2020 POTENTIAL FOR PROGRESSION OR REGRESSION?

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Abstract

Community Led Local Development (CLLD) has been directly supported by the European Commission via the European Agriculture Fund for Rural Development (EAFRD) since 1991 through a mechanism called the 'LEADER Measure'. This approach has been particularly successful in Ireland with the evolution of community led Non Government Organisation's known as Local Action Groups across the state. These local development bodies have been recognised across Europe for their effectiveness, innovation and flexibility. They are deeply embedded and linked within their communities and have created a higher level of added-value to the LEADER funds than any equivalent structures in the EU. Over the past twenty one years Irish Local Action Groups have evolved to attract a broad range of funds (not just EAFRD) and shape these into an integrated suite of supports for entrepreneurs, target groups and communities. A new CLLD 'Multi-Fund' mechanism was agreed by the European Commission as part of the EU Structural Funds 2014-2020 which could see rural Local Action Groups accessing a range of EU funding opportunities and would be additional to the LEADER Measure of the EAFRD. The European Commission want to encourage Member States to adopt this approach and has introduced additional incentives to achieve this goal. Irish Local Action Groups, based on their experience and capacity to operate in this 'Multi-Fund' arena should at this time be perfectly placed to maximise these opportunities. However in parallel there are emerging complications and challenges. The adoption of the new Multi-Fund Approach to CLLD is 'optional' for Member States. Its inclusion as part of the delivery of the EU Structural Funds must be agreed and adopted in the coming months. There are indications that few if any Member States will make use of the CLLD Multi-Fund Mechanism. An additional complication has emerged in Ireland through a recently published 'National Policy', generated by the Department with Responsibility for Local Government and Community Funds, that suggests a new 'LAG Type Structure' within the Local Authorities may be allocated the responsibility to manage LEADER in the future. This paper will explore the background to these positions and will consider the potential impacts for rural communities. The authors would seek to promote a debate on the merits and challenges presented by the Multi-Fund Approach to CLLD through the forum of the IFMA 19 Congress, as these issues and related decisions will be taking place in Member States across the EU during the Summer-Autumn Period of 2013.

Keywords: rural development policy, LEADER, European Union

1. LEADER – leading the CLLD approach since 1991

Rural areas are by their nature more challenged in terms of their capacity to stimulate new forms of enterprise and in terms of providing basic services for their communities. Broad rural development support mechanisms tend to specifically focus on agriculture. Regional policies have had limited impacts on the relative competiveness of rural areas. In 1991, the then President of the European Parliament, Jacques De Lors, introduced a mechanism whereby a small percentage of the European Budget would be allocated to Community Led Local Development (CLLD) bodies in rural areas. The idea was to introduce a 'bottom-up, community led' approach to complement the efforts of the State in addressing the major challenge of achieving balanced rural sustainability. This was called the LEADER mechanism, approach or measure.

The basic principle of the LEADER approach is to provide resources to locally orientated and locally managed development bodies known as Local Action Groups (LAG's). These would determine how to invest these resources, based on their local knowledge of opportunities and challenges that exist within their areas. These LAG's are selected on their proven ability to encourage, develop and invest in enterprise, employment and quality of life initiatives in a manner that is innovative and effective. The levels of CLLD/LEADER investment received by the LAG is based on the strength of the vision of their Local Development Strategy (LDS) and the LAG's proven capacity to create 'added value', in terms of attracting additional local private, corporate and public funds to support the sustainable development of their area.

The LEADER Approach has grown and evolved from humble beginnings in 1991 as a five year 'pilot initiative'. At the time there were fewer than 200 LAG's selected and their total allocation was just over €100m. By 2013 2,300 LAG's existed across the EU. Between 2007 and 2013 these groups will allocate €5.5bn with an estimated additional 'leverage' of private and public funds of over €3bn for investment into the rural economies across the twenty seven member states of the EU. LEADER funds have actively created or diversified hundreds of thousands of jobs in rural areas during this difficult economic period and have invested in key community services, assisting the sustainability of local villages and market towns.

2. Ireland's evolution of the LEADER approach

The LEADER Approach is centred on the capacity of a local, community (civil society) led bodies to strategically focus on local needs and opportunities and plan and prioritise how to best enable and encourage the most effective and dynamic value added impacts with the resources available to the LAG. During the twenty one years of the LEADER Approach across Europe different 'models' have evolved.

In Ireland and in some other Member States the LEADER Approach is shaped on a 'Partnership' between the 'Lead' partner which are elected 'Community Leaders' who are the largest shareholder. They invite representation from Local Government, Social Partners (including Farming Bodies, Trade Unions and Employers) and State Bodies that are relevant to their Local Development Strategy.

Before the introduction of LEADER, communities, cooperatives and collectives across Ireland were voluntarily formed to address local economic and social issues through local 'integrated movements'. These bodies or 'movements' became the foundations of the Irish LAGs that were formed from 1991. With the introduction of LEADER these movements finally had a facilitator and investor in local enterprise and community development, based on their local vision. The work of the Irish LAG Structures is recognised by the European Commission and Parliament as one of the most successful since the introduction of the LEADER Approach. A key element to their success is the level of autonomy, linkage, and positioning that the LAG structure has developed within their communities as well as their capacities to attract investors, add value and account for public investments.

3. Irish LAGs – developing the compliance structures and systems

Funding through the LEADER Approach can only be managed by a 'legal entity'. In Ireland LAGs typically formed not-for-profit 'Private Limited Companies' with charitable status. Boards of Management were formed (with yearly elections and a one third rotation rule) who established internal audit and operations committees. The Board and all committee members are 'volunteers' who give their time without any payment. They hired staff to help shape and enact their Local Development Strategies, encourage project development and to develop the internal fiduciary systems to comply with EU and National public expenditure requirements.

Irish LAG's develop their Local Development Strategies and submit these plans (typically every six years) in a competitive bid for funds. The Plans are assessed and reviewed before a multi-annual (six or seven years) allocation is agreed for the LAG. This is usually undertaken by the Department of Agriculture who are the 'Managing Authority' of the LEADER Funds within the State. At the beginning of each multi-annual allocation the Department will issue guidelines and rules to the LAG's based on the European and National Rural Development Programme requirements. These include the broad terms of reference of the funding and general areas of ineligible or eligible project spend.

Throughout the lifetime of each funding allocation the LAG must formally report all expenditure on a monthly and quarterly basis with year-end progress reports. The Department also undertakes 'inspections' of files, projects and reports on a regular basis. The LAG must complete and file independently audited annual accounts and comply with best practice corporate governance, whilst also complying with state aid rules and public expenditure ceilings on salaries and expenses. Additionally, the LAG will be audited on average twice yearly by State-appointed auditors or funding bodies or periodically by the European Court of Auditors.

As a result of developing these capacities all project decisions are made by the Board of Management of the Irish LAG's. All contracts of grant aid are provided directly by the LAG to the project promoters and all payments of grants are issued by the LAG's. This level of intellectual capital has required a major investment of resources over the past twenty one years, not least of which is the time given by the hundreds of volunteers that are an essential component of the Irish LAG Model.

4. Irish LAGs – evolving beyond LEADER; the multi-fund approach

One of the other unique features of the Irish LAG's is the manner in which they utilised the LEADER Approach beyond the Rural Development Programme. The LEADER Funds allowed the LAG's to develop a unique 'platform or bridge' to attract public funds for dedicated investment and linking these with local and community needs and opportunities. In developing their Local Development Strategies Irish LAG's are also in a position to support communities to address key social inclusion challenges, gaps in key services for their communities (that cannot be met by the Rural Development Programme alone) and in particular creating opportunities for people who have become unemployed during the current economic crisis.

In many instances the LAG identifies an opportunity to attract additional funding to their areas that will meet needs in their Local Development Strategy that cannot be resourced from existing funds. The LAG will invest in the research, identify and bring together the key partners required and invest time in developing the 'Application' and related plans for these 'additional funds'. The proven capacity of the Irish LAG to plan, attract investment partners, 'animate' actions and development processes and account for LEADER/Rural Development Resources is central to their success in gaining the confidence of other providers of public funds.

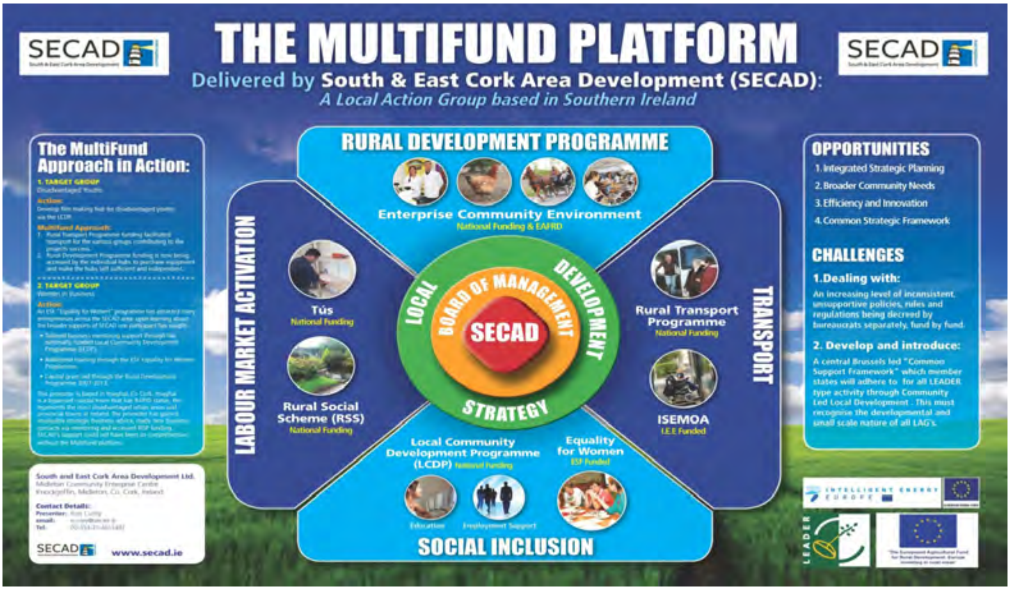


Illustration 1. SECAD's Multi-Fund Approach 2009-2014

The Illustration that follows shows the diversity and integration that one of the Irish LAG's, South & East Cork Area Development (SECAD) has achieved over the years. The 'anchor' investment to their overall Local Development Strategy is the LEADER /Rural Development Programme. This platform has enabled the LAG to host and manage six other multi-annual investments to support local Employment, Social Inclusion and Community Transport. This in turn broadens the levels of linkages with the local business and development community and creates the opportunity for the LAG to provide supports to a much wider audience. By integrating the investments within an overall local vision the Irish LAG's have initiated a process known as the Multi-Fund Approach.

5. The LEADER approach and EAFRD 2014-2020 *(Positive Features 1 & 2 for LEADER 2014+)*

The EAFRD Priorities for 2014-2020 include:

1. Horizontal priority: Fostering knowledge transfer and innovation,
2. Competitiveness of all types of agriculture and farm viability,
3. Food chain organisation and risk management,
4. Restoring, preserving and enhancing ecosystems,
5. Resource efficiency and transition to a low carbon and climate resilient economy,
6. Social Inclusion, poverty reduction and economic development.

The core funding to support the LEADER Approach will be allocated through the sixth priority of 'Social Inclusion, Poverty Reduction and Economic Development'. All EU Structural Funds require a degree of co-financing from the Member State. For countries like Ireland this is a major challenge. The requirement for the Rural Development Programme 2014-2020 will require the Irish State to match the EU Funds with circa 50% financed from the State. The LEADER Measure however will have a lower level of co-financing required; the State needing to put forward as low as 20% of the co-financing (*Positive Feature 1 for LEADER 2014+*).

There is also the opportunity for Member States to ‘broaden’ the definition of the actions to be underpinned by the LEADER approach. This will potentially allow the LEADER Measure to also include actions and resources allocated under any of the other five priorities of the EAFRD, where it is seen that the LEADER Approach can have a more effective impact. In doing so the Member State will have the opportunity to reduce the levels of co-financing required, thus making the LEADER Approach more attractive at this time (*Positive Feature 2 LEADER 2014+)*

6. Emerging CLLD multi-fund policy *(Positive Features 3 & 4 for LEADER 2014+)*

The use of the Community Led Local Development (CLLD) approach is now formally acknowledged as a powerful tool to enable sustainable and inclusive development in line with the Europe 2020 Strategy. In preparing the new round of EU Structural and Investment Funds 2014-2020 the European Commission and European Parliament are providing the opportunity to expand the use of the CLLD Approach to be applied not only to the EAFRD from 2014, but also (optional) to a range of other sources including the European Regional Development Funds (ERDF), European Social Funds (ESF) and European Fisheries Fund (EFF). This, in effect, is a platform to support access to a Multi-Fund support for CLLD.

The European Commission have developed an overall coordination guidance through their ‘Common Strategic Framework’ (see outline on Appendix 1) and are encouraging each Member State to adopt this integrated approach in the design and delivery of their ‘Partnership Agreement’ to be completed in the Summer-Autumn of 2013. The Partnership Agreement is the overall plan to be developed and agreed by each Member State, outlining their planned strategies and approaches in utilising EU Structural Funds to achieve their targets within the Europe 2020 Strategy. This will include a specific section on the CLLD Multi-Fund Approach to be allocated to LAG’s, requiring an outline of how and where this approach may be considered and which funds will be used for this purpose. For Local Action Groups this could mean greater access to funds, a broader suite of supports offered to communities and a simplification of the administration in attracting, managing and reporting on expenditure (*Positive Feature 3 for LEADER 2014+*). The European Commission have allowed that the adoption of the CLLD Multi-Fund Approach is ‘optional’ for Member States (i.e. they can choose to include or exclude it from their Partnership Agreement). However, they have also ‘incentivised’ the adoption of the CLLD Multi-Fund Approach by including a reduction of 10% State Matching Funding for any elements of the ERDF, ESF and EFF that are included in this approach. They wish to enable the piloting of the approach in some Member States in the 2014-2020 as it is anticipated that such an integrated approach will become a central element of any EU budgeting framework beyond 2020. This should be a major incentive for economies that are under their own economic pressures at this time (*Positive Feature 4 for LEADER 2014+*).

7. CLLD and potential impacts of ‘policy’ – progression or regression?

The recent completion of the budget negotiations, as part of the EU Structural and Investment Package 2014-2020, would indicate that there is potential for a major reduction for Irish LAG’s in terms of their core Rural Development – LEADER Priority – of the EAFRD. However, as highlighted earlier this should be offset somewhat by the additional ‘attractive’ bonus of having a lower national co-financing rate applied to overall ‘LEADER’ Measure. Additionally, as outlined in this paper, the Irish LAG’s have been leading the development of the CLLD Multi-Fund Approach across Europe for decades and are perfectly positioned to attract additional funds through the new European Policy supporting the CLLD Approach. Such a scenario would underpin the continuation of critical investment into rural communities at this key time in the development of sustainable, inclusive and stable local economies.

However, there is a challenge. In the first instance it is suggested that many of the Member States, including Ireland, do not appear to be attracted to the possibility of including the CLLD Multi-Fund Approach as part of their Partnership Contract. There may be a resistance to change at National Levels as the CLLD approach requires a commitment to changing the way in which funds are controlled and distributed. The traditional model was that for each of the EU Investment Funds (ERDF, ESF, EAFRD and EFF) a single 'Lead Government Department or Ministry' would shape the Funding Programme separate from the other 'Lead Departments' for the other funds and would solely control the allocation and delivery models applied. The CLLD element of any Partnership Contract would require the 'sharing and coordination' of funds across these EU Investments between Government Departments and allow the LAG to be the central delivery agent for these CLLD Funds. This apparent resistance may be understandable but is equally questionable, if it results in local tax payers having to raise an increased contribution for essential supports that will be targeted directly into their communities.

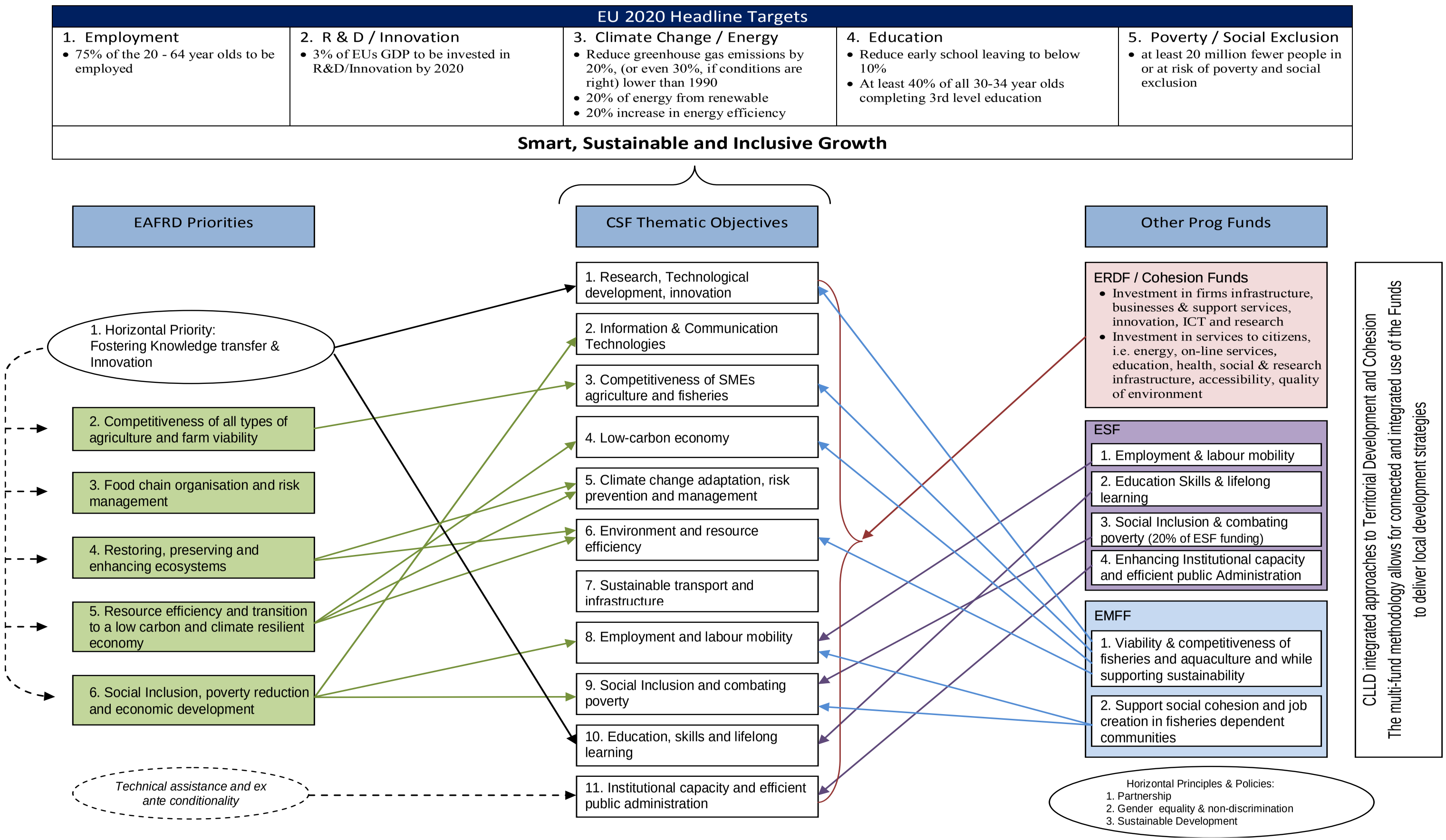
The decisions on the inclusion or exclusion of the CLLD Multi-Fund approach is being made in each Member State across the EU in the Summer-Autumn of 2013, yet there has been little or no public debate of note within the Member States themselves.

In Ireland there is the additional complication of a recently published 'National Policy', generated by the Department with Responsibility for Local Government and Community Funds that has indicated that it is possible that the LEADER Measure Funds in the future will no longer be planned, controlled or monitored by the LAG Structures that have evolved since 1991. It is suggested that the Irish Local Authorities could form and control a 'new LAG' called the Socio-Economic Committee which in turn would attract and retain the contracts for the LEADER Measure within the Rural Development Programme 2014-2020. The basis for this course of action is an effort to increase the effectiveness of Local Government in Ireland.

Irish CLLD LAGs, Social Partners and supporters of the Irish LEADER Model across Europe have asked for this 'Policy' to be reviewed and allow the existing LAG model to develop whilst providing greater oversight powers to Local Government. The existence of strong and effective Local Government in other parts of Europe has not diminished the need, potential or value of having a separate and strong CLLD delivery agent to shape and develop complementary supports and services. This view also reflects the findings of the most recent review of the LEADER Approach by the European Court of Auditors which strongly recommended the clear separation of function and roles between Local Government and CLLD Bodies. The Irish Government will be considering this policy in the coming months. Its decisions will determine the future of the Irish LAG's.

These decisions around the potential adoption of the CLLD Multi-Fund Approach and if it is to be 'Community Led' or 'Local Government Led' may ultimately also determine the fate of what the European Parliament has branded 'the most innovative and successful of all public instruments developed within any European Rural Development Investment Fund'.

Appendix 1.


EU 2020 Headline Targets
1. Employment
• 75% of the 20 - 64 year olds to be employed
2. R & D / Innovation
• 3% of EUs GDP to be invested in R&D/Innovation by 2020
3. Climate Change / Energy
• Reduce greenhouse gas emissions by 20%, (or even 30%, if conditions are right) lower than 1990
• 20% of energy from renewable
• 20% increase in energy efficiency
4. Education
• Reduce early school leaving to below 10%
• At least 40% of all 30-34 year olds completing 3rd level education
5. Poverty / Social Exclusion
• at least 20 million fewer people in or at risk of poverty and social exclusion
Smart, Sustainable and Inclusive Growth
EAFRD Priorities
1. Horizontal Priority: Fostering Knowledge transfer & Innovation
2. Competitiveness of all types of agriculture and farm viability
3. Food chain organisation and risk management
4. Restoring, preserving and enhancing ecosystems
5. Resource efficiency and transition to a low carbon and climate resilient economy
6. Social Inclusion, poverty reduction and economic development
Technical assistance and ex ante conditionality
CSF Thematic Objectives
1. Research, Technological development, innovation
2. Information & Communication Technologies
3. Competitiveness of SMEs agriculture and fisheries
4. Low-carbon economy
5. Climate change adaptation, risk prevention and management
6. Environment and resource efficiency
7. Sustainable transport and infrastructure
8. Employment and labour mobility
9. Social Inclusion and combating poverty
10. Education, skills and lifelong learning
11. Institutional capacity and efficient public administration
Other Prog Funds
ERDF / Cohesion Funds
• Investment in firms infrastructure, businesses & support services, innovation, ICT and research
• Investment in services to citizens, i.e. energy, on-line services, education, health, social & research infrastructure, accessibility, quality of environment
ESF
1. Employment & labour mobility
2. Education Skills & lifelong learning
3. Social Inclusion & combating poverty (20% of ESF funding)
4. Enhancing Institutional capacity and efficient public Administration
EMFF
1. Viability & competitiveness of fisheries and aquaculture and while supporting sustainability
2. Support social cohesion and job creation in fisheries dependent communities
Horizontal Principles & Policies:
1. Partnership
2. Gender equality & non-discrimination
3. Sustainable Development
CLLD integrated approaches to Territorial Development and Cohesion
The multi-fund methodology allows for connected and integrated use of the Funds to deliver local development strategies