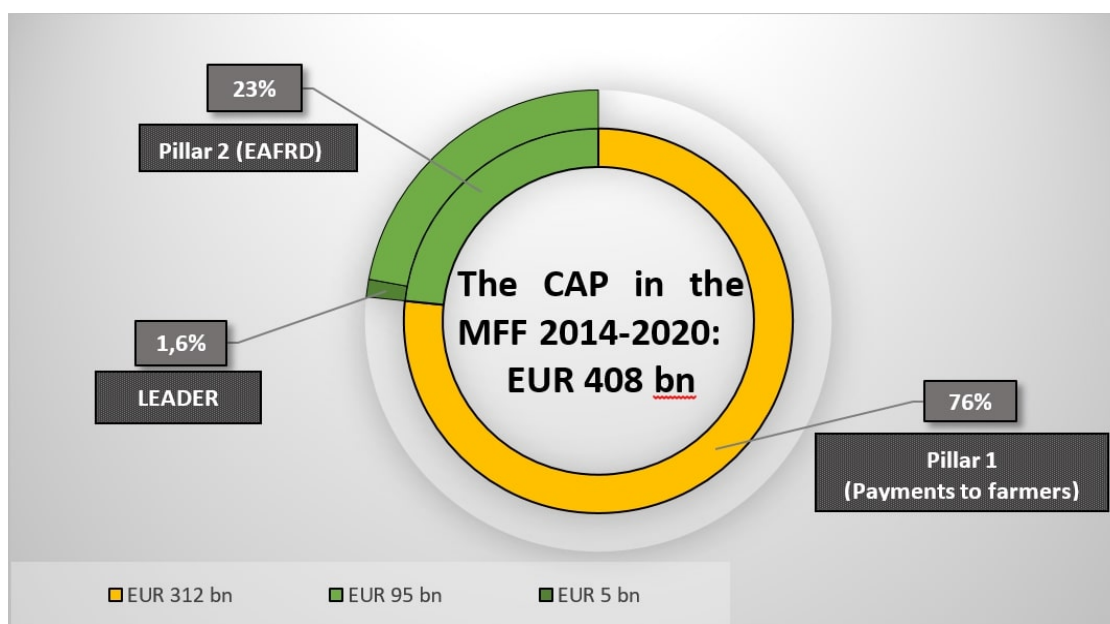


Briefing for AGRI-CONT Joint Hearing on "LEADER experiences - lessons learned and effectiveness of EU funds for rural development"

1. Rural Development and LEADER in the Budget

The current MFF for 2014-2020 invests about EUR 1 trillion. It is composed of five different categories of expenditure. LEADER and Rural Development fall under 'Sustainable Growth: Natural Resources' which receives EUR 420 billion and makes up 39% of the overall budget¹. The biggest share (EUR 408 billion) goes into the Common Agricultural Policy (CAP). The CAP consists of two pillars. The first pillar concerns direct payments and market-support measures to improve farmers' income while the second one is dedicated to rural development. The first pillar receives 312 billion (76%) of the overall CAP. Consequently, the rural development pillar receives around EUR 95 billion (23%). The Member States have to allocate minimum 5% of their Rural Development Programmes (RDs) to LEADER, within this MFF it will be 6,9%². In relation to the overall CAP budget, LEADER makes up a bit more than 1%.



¹ European Commission, Overview MFF 2014-2020, retrieved from: http://ec.europa.eu/budget/mff/index2014-2020_en.cfm (last accessed 5.11.2018, 13:57)

² European Commission, Rural Development Programmes 2014-2020, retrieved from https://ec.europa.eu/agriculture/sites/agriculture/files/rural-development-2014-2020/country-files/common/rdp-list_en.pdf (last accessed 5.11.2018, 14:22)

2. The LEADER Programme

The LEADER programme started as a pilot project in 1991 and later on expanded to become an integral part of the EU's rural development policy under the Common Agricultural Policy (CAP). LEADER is an abbreviation for 'Liaison entre actions de développement rural' which translates into 'Links between actions of rural development'³.

In the respective regulation⁴, it is set out that it is funded by the European Agricultural Fund for Rural Development (EAFRD), at least 5% of the RDPs are allocated to LEADER. It can also be supported by the ERDF, ESF or EMFF and leverages significant public funding from the Member States.

The distinct feature of the programme is that development strategies are decided and implemented at local level. It follows a so-called 'bottom-up' approach by involving local stakeholders from the public, private and civil sector in decision-making to stimulate innovation and better match the needs of the rural communities⁵. The thought behind this programme is that, designed and put into place with the expertise on local circumstances, development strategies are higher in efficiency and effectiveness.⁶ LEADER does not set the priorities of what shall be implemented but focuses on the process of *how* strategies are to be implemented. It provides local actors with the freedom of setting priorities and a toolkit of how to achieve the goals set.

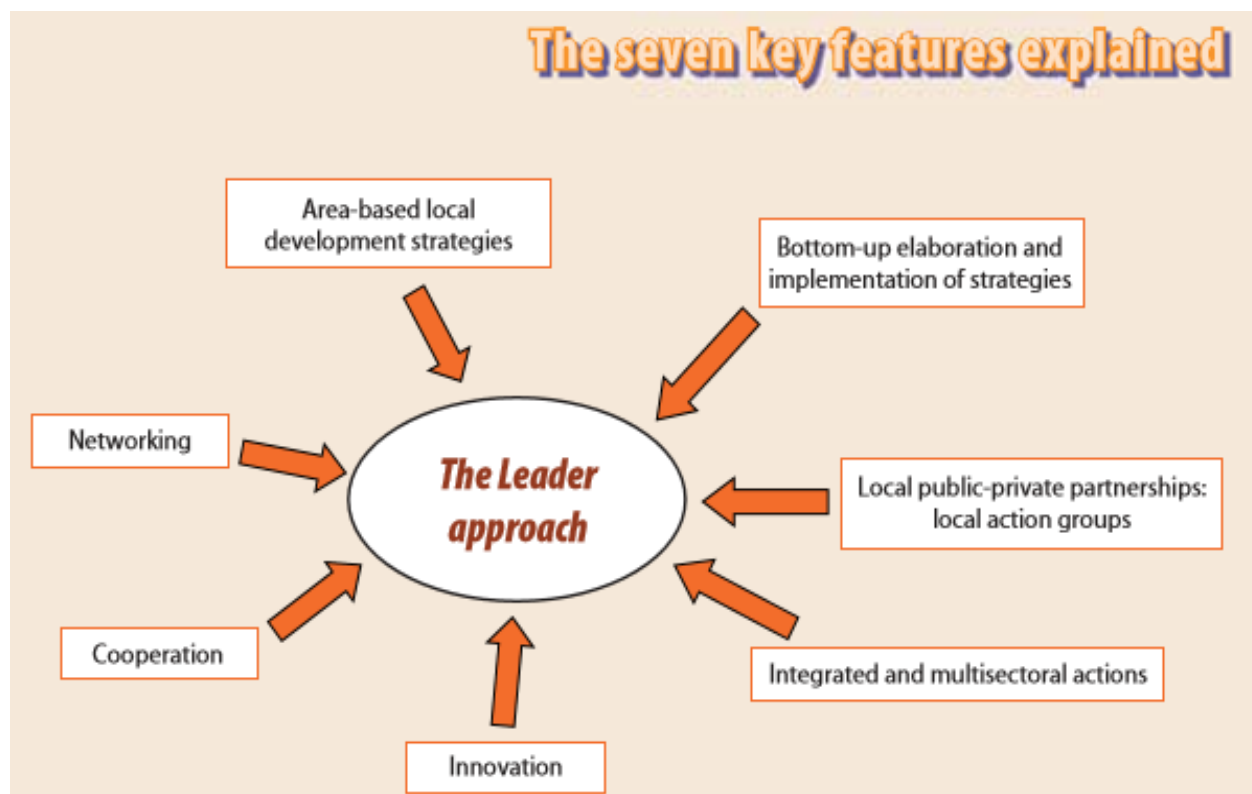
The programme is executed with seven key features (see figure 1), that focus on cooperation between different stakeholders at sub-regional level. One of the key features are the area-based local development strategies. This refers to the fact that the points of reference for LEADER implementation are homogenous local communities. Closely linked to this are the features of a bottom-up approach and the local action groups (LAGs). The bottom-up approach involves local stakeholders in the decision-making. LAGs are local public-private partnerships that implement the LEADER approach in the respective region. The LAGs are the entities where the decision-making takes place. They bring together resources from the public and private sectors, set the local development strategy and manage financial resources. Facilitating is another point enhanced by giving the LAGs more freedom than traditional rural development programmes. The other features of Integrated and multi-sectoral actions, Networking and Cooperation emphasise the LAGs task to interact with a variety of different stakeholders. They are encouraged to work with actors from different sectors and to exchange best practises with organisations working in the field of rural development. In the case of cooperation, LAGs can even undertake a project with other LEADER groups, e.g. when two action groups have the same cultural heritage or specialise in the same products.

³ European Commission, The LEADER Approach - A Basic Guide (2006), 5

⁴ 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

⁵ European Commission, Pathways to LEADER, A guide to getting the LEADER approach up and running in the Western Balkans, Turkey and beyond (2017), 8f

⁶ European Commission, The LEADER Approach - A Basic Guide (2006), 8

Figure 1: LEADER key features

Source: European Commission (2006), The LEADER Approach - A basic guide, p.8.

3. The Evolution of the LEADER Programme

As LEADER already started in 1991, there have been different programming periods with a changing character. After the experimental phase in the early 90s, the programme expanded and focused on disadvantaged rural areas under LEADER II. It continued under LEADER+ covering all types of rural areas and was mainstreamed as an integral part of the EU's RDP from 2007 onwards. As LEADER is no longer a separate programme but an important feature of the RDP, it has grown even bigger in the current programme period. Between 2014 and 2020 it is estimated to cover 2050 LAGs and get public funding of EUR 9.4 bn. As indicated by its expansion, the LEADER programme is generally viewed as a successful project in a variety of evaluation reports. However, criticism about some points of the project was raised as well. In the following paragraph a summary of this criticism is given.

Figure 2: Evolution of LEADER's scope

	LEADER I	LEADER II	LEADER+	LEADER (mainstreamed)	
Period	1991-1993	1994-1999	2000-2006	2007-2013	2014-2020
LAGs involved	217	906	1153	2416	2050*
Total public budget	1,2 bn EUR	5,37 bn EUR	5,1 bn EUR	8,9 bn EUR	9,4 bn EUR*
					*estimates

Source: European Network for Rural Development (2015), LEADER 2007-2013 implementation update

4. Summary of LEADER Evaluations

The **European Court of Auditors** published a *special report on the implementation of the LEADER* approach in 2010⁷. In this report, a number of shortcomings were pointed out. On the LAGs it was commented, that they do not fully exploit all possibilities for added value and rarely demonstrated innovation. It was also criticised that the financial management continued to pay insufficient attention to efficiency and objectiveness. Examples given were the fact that past expenditure was eligible for cost and that LAGs usually gave most grants to their own member organisations. The Commission and the Member States (MS) were accused of not setting the necessary minimum standards to prevent such shortcomings. In general, it was seen as a major problem that there was no data collected to assess whether the added value has outweighed the higher costs and risks involved in LEADER.

The Commission replied to this criticism by pointing out that *the ex-post LEADER+ evaluation* would evaluate effectiveness and efficiency.

The mentioned evaluation⁸ claims to specifically look at efficiency and effectiveness, but it stays unclear if the added value is in proportion to the higher risks and costs. The proportionality of expenditure with regard to the benefits was assessed by interviewing the LAGs. Only 63% said that they would take this proportionality into consideration during project selection. There were no measures included to assess the actual outcome or whether the outcome was achieved at adequate cost. The whole evaluation was based on qualitative interviews with the involved bodies and did not employ more objective methods.

The Court of Auditors followed up on their special reports in 2012 by checking whether their made recommendations had been translated into improved standards. These recommendations included providing sufficient clarity on standards, installing safeguards against conflicts of interest, allowing innovative and multi-sectoral strategies, setting measurable objectives, enhancing added value, effectiveness and efficiency and enhancing the accounting of these factors while assuring fairness and transparency in supervisory and control systems. In this follow up⁹ they found that two of their six recommendations were implemented in most respects while three were only partially improved. One of the recommendations could not be checked for follow-up as there was not enough data. This specific recommendation was to check future programmes to include elements fundamental for added value, effectiveness and efficiency. So these concerns are still persisting.

The main improvement found were the clearer rules for LAGs decision-making committees while the main weakness existing was the fact that project's expenditure could still be funded before the grant was signed. The CoA also pointed out that an effective safeguard of documenting and making declarations of interest public was not established and that the added value is not sufficiently shown.

⁷ Court of Auditors, Special Report 5/2010, Implementation of the LEADER approach for rural development (2010)

⁸ Metis GmbH and subcontractors AEIDL and CEU, Ex-post evaluation of LEADER+ (2010)

⁹ Court of Auditors, 2012 Report on the Follow.up of the European Court of Auditors' Special Reports (2012)

These evaluations were followed by two reports that the European Commission had commissioned to private audit bodies: *'The Synthesis of mid-term evaluation of RDPs 2007-2013'*¹⁰ found low financial execution rates and delaying in paying out funds due to the long time consumed before projects were actually started. They point out delivery issues in mainstreaming LEADER and the high administrative burdens for LAGs. The LAGs have been in many cases dominated by Managing Authorities and thereby losing autonomy. It was also found that the seven LEADER principles have not always been incorporated and that the programme has been seen as just one more funding opportunity by many MS.

The report comes to the conclusion that the LEADER axis is the most problematic one as it was most frequently mentioned as not working well due to the new feature of integrating it into mainstream RDP and slow implementation.

*The 2015 report on ex-ante evaluations of rural development programmes 2014-2020*¹¹ picks up similar points of criticism as the afore mentioned publications. The ex-ante evaluation raises concern about missing information on whether the processes for LAG selection and LEADER implementation are adequate. This also applies to the monitoring and evaluation plans which are described as either inadequate or missing. This resonates with the points made about missing data to e.g. assess the proportionality of expenditures and benefits of the programme.

In a recent publication by the European Parliament's Directorate-General for Internal Policies, the *Programmes of the 2015-2020 Rural Policy* were assessed¹². It is expressed that LEADER is increasingly regarded as a crucial element of EAFRD for broader rural development, this goes hand in hand with increased spending on the programme. As an improvement it is seen that the afore criticised mainstreaming conditions have been lifted and that local flexibility was enhanced. More flexibility was also created with regards to funding as LEADER now follows a multi-fund approach making it possible to draw from all main ESI funds. Unfortunately, this has been rather limited as the national co-financing (from RDP) has decreased while the EAFRD contribution has stayed consistent.

5. Summary of Evaluation reports on overall Rural Development Policies

In evaluation reports on the RDPs, it was stressed that also overall, there could have been a greater value for the invested money. The projects supported were not the EU most cost-effective ones and there was not enough information on measures of success¹³.

Sometimes national funds were simply replaced by RDPs, not ensuring complementarity of the funds. It was recommended that different funding resources shall be better coordinated and that the funding available under RDP should be better managed to ensure cost-effectiveness. Also, more reliable data to measure results is needed to evaluate and monitor the programmes.

¹⁰ Österreichisches Institut für Raumplanung, Synthesis of Mid-Term Evaluations of Rural Development Programmes 2007-2013 (2012)

¹¹ Kantor Management Consultants S.A., Synthesis of Ex-ante Evaluations of Rural Development Programmes 2014-2020. (2015)

¹² European Parliament, Directorate-General for Internal Policies, Policy Department B Structural and Cohesion Policy, Research for AGRI Committee -Programmes implementing the 2015-2020 Rural Development Policy (2016)

¹³ Court of Auditors, Special Reports 25/2015, EU support for rural infrastructure: potential to achieve significantly greater value for money (2015)

Similar recommendations were repeatedly voiced in evaluations. It was specifically stressed that more focus on performance was not achieved so that value for money was not necessarily addressed. This was worsened by a lack of reliable and relevant data to measure achievements. So the reports suggest to establish result-oriented indicators to accurately evaluate the programme¹⁴. If established in the current evaluations, these can give a significant base for improvement for the post 2020 programming period. It was also repeatedly raised that the requirements on the programming documents are too time-consuming and that this is one of the reasons why implementation of the RDP starts too slow. The CoA has also published specialised reports that addressed the same issues. That was the case for the reports focused on renewable energy in the RDP and on revised financing options for RDPs^{15,16}. For the latter the Court came to the conclusion, that the new financing options indeed made the implementation of projects easier but did not focus enough on results once again.

¹⁴ Court of Auditors, Special Report 16/2017, Rural Development Programming: less complexity and more focus on results needed (2017),

¹⁵ Court of Auditors, Special Report 05/2018, Renewable energy for sustainable rural development: significant potential synergies, but mostly unrealised (2018),

¹⁶ Court of Auditors, Special Report 11/2018, New options for financing rural development projects: Simpler but not focused on results (2018)

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