

**Feedback Report Discussion Group No 3**

***Overcoming the administrative burden: Harmonisation  
of funds management***



**1. Background & context**

During the 2014-2020 programming period, Member States have the opportunity to finance CLLD from more than one fund. As the ‘Common Guidance of the European Commission’s DGs on CLLD’<sup>1</sup> (2013, p.28) states “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

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<sup>1</sup> Referred to as Commission Guidance in this report

*would demand coordinated management structures of the involved Funds with joint calls and selection procedures. This framework should be presented in the Partnership Agreement."*

According to the Mapping Exercise carried out by ENRD CP on the state-of-play in Member States<sup>2</sup> with regard to CLLD, a number of Member States/regions (some 14%) has decided to opt for multi-funded CLLD funded from EAFRD and EMFF; and a number of Member States are developing their approaches with regard to CLLD supported by several funds (some 43%) (while a number of Member States are still undecided about their approach). Therefore the management of multi-funded CLLD has been a key issue for many Member States.

The Commission Guidance outlined a number of approaches on 'how to ensure the coordination between the management of funds', namely:

- The use of **intermediary bodies**: in order to facilitate the management of CLLD, Member States/regions can decide to delegate the management to an intermediate body. Such intermediate body would take over some of the tasks of managing authorities with regard to CLLD and would ensure coordination. For LAGs, this would mean having a single interlocutor (with regard to the application process, reporting, revision of strategies, etc.). The Commission Guidance suggests that the LAG itself can also be designated as an intermediate body.
- The use of **joint structures** for the coordination of CLLD between funds: Joint structures could be created in the form of (existing) joint monitoring committees (at national or regional level), which in this case would also be responsible for CLLD management. Alternatively, joint structures can be created specifically for the purpose of coordinating CLLD across funds (at least with representation from Managing Authorities).
- The **Lead Fund option** for multi-funded local development strategies: Through the designation of the Lead Fund, it would be possible to cover the running and animation costs linked to the local development strategy

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<sup>2</sup> The mapping exercise was finalized by June 2013 for the launch of the CLLD NRN Thematic Cluster.

through one of the Funds only. The choice of lead funds is likely to depend on the activities foreseen in the local development strategies; and LAGs should be able to express their preference as regards the Lead Fund.

## 2. Key Challenges

There are a number of key challenges associated with the management of multi-funded CLLD. In fact, **one of the major fears** of national and regional policy-makers with regard to applying multi-funded CLLD is associated to the complex procedures related to multiple-fund management. The Commission Guidance itself is stating that while strategies supported by several funds *“allow 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 interests [...]*; **strategies supported by several funds are more complex to design and implement”**.

One of the key issues has been the potential **lack of capacity** to manage and to coordinate multiple funds at national/regional (MA, PA) and LAG levels; as bodies responsible for the management of funds often have limited resources.

A further difficulty stems from the fact that the **management rules of different ESI funds will not be fully harmonised** during the coming programming period. Therefore, the harmonisation of rules remains an important challenge for national and regional level policy-makers.

Even if Member States/regions decide to fund CLLD from multiple resources, bringing together different stakeholders, **identifying the structures and procedures** that meet the agreement of all key stakeholders, and creating these structures and procedures remain key challenges. Although the Commission proposes some structures and procedures in its guidance (see above), the *‘how to’* remains a key challenge at national and regional levels (in other words the *‘devil is in the details’*).

There are number of challenges associated with the selection of appropriate structures and procedures. In some Member States and regions these may be *‘politically’* sensitive issues, and therefore agreements are difficult to reach among

relevant stakeholders. Often, there has been a general lack of agreement among the Managing Authorities of different ESI funds with regard to the possible scope and operation of multi-funded CLLD; and communication channels and forums between the MAs are often not well developed enough to overcome such differences. Furthermore, **the responsibilities and roles that LAGs may have** in the management of other than EAFRD fund and devoting power to 'local' level<sup>3</sup> have also been issues difficult to reach agreement on. Related to this, in some cases the cooperation of urban and rural areas has been burdened with a difference in interests of these. For instance, in some cases it is feared that urban 'interests' and needs may dominate the interests and needs of rural areas; i.e. partnerships involved in the development of the strategies may not be balanced as far as the interest representation capacities of partners are concerned. In a similar vein, one of the discussion group participants indicated that it may create difficulties if different beneficiaries (e.g. those previously benefitting from EAFRD versus those of ERDF) 'compete' for the same funding under the same rules. For instance, providing the own share of financing may be more difficult for certain beneficiary groups than for others.

## 2. (Good) Practices & possible solutions

The overarching theme of Group 3 discussion was the 'coordination of different funds'. At the beginning of the session the **Italian example** on setting up joint structures was presented. In Italy the setting-up of **Regional Technical Committees** (RTC) is planned, with the participation of managing authorities and 'paying agencies/certifying bodies' of different funds, as well as local development experts. The main task of the committees is to monitor CLLD interventions in all phases (including the identification of intervention themes and the LAG selection process on the basis of Action Plans). The Regional Committee will be assisted by a Technical Secretariat and should include other administrations that the region may consider relevant or competent in relation to the measures to be implemented.

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<sup>3</sup> This later issue seems to be more prominent in New Member States, where LAG interest-representation may be weaker than in old Member States with longer experience in LEADER-implementation. Overall, such issues and concerns have an impact on how (and at which level) new structures are created.

More specifically, the Regional Technical Committees will be responsible for:

- Identifying the resources within the different funds relevant for the local strategies;
- Defining the Action Plans and LAGs selection criteria;
- Instructing and evaluating plans, preparing and submitting the list of MAs;
- Harmonising timing with regard to the use of different funds;
- Monitoring operations (financial and procedural);
- Expressing opinion on amendments to Action Plans.

The LAGs can decide whether they apply with mono-fund or multi-fund strategies. In the case of multi-fund Action Plans, the prevailing fund in terms of financial allocations will assume the role of lead fund in order to be compliant to the framework required by EU regulations.

At the national level a **National Steering Committee** (NSC) will be set up, mirroring the composition of regional committees. The main task of this committee will be to provide general guidance and to support regional and local actors. Typically it will:

- address common issues pertaining to the selection, control and eligibility of expenditure;
- identify common support initiatives to the Regional Committees, in order to improve the quality of coordination and the speed of CLLD implementation;
- draw and implement monitoring and evaluation;
- disseminate systematic information on the implementation and outcomes of CLLD.

The RTCs and NSC to be set up in Italy is a transferrable practice in the context of other Member States and regions. In particular as far as the committees bring together different stakeholders in order to discuss and agree on how to coordinate the funds and harmonise rules with regard to these, which has been identified as one of the key challenges of CLLD.

During the discussion among participants, one of the Hungarian LAG representatives argued that the **differences as far as the rules for different funds** are concerned are

relatively limited, and would be easier to harmonise than it is often thought. A number of examples from the current programming period were mentioned, some of which have been overcome for the next programming period (such as the issue of VAT as eligible cost); these include (in Hungary): different rules for advanced payment, aid intensity, type of beneficiaries, deadlines, monitoring indicators. It was discussed that many of these issues are **related to national (rather than EU) rules and regulations**, with the exception of the VAT-rule (however, this has been harmonised for the next programming period). This also implies that actions to harmonise these in the case of multi-funded CLLD are mostly needed at the national/regional levels.

### 3. Other key issues and suggested further actions / guidance needed

A number of key issues emerged from the discussion, as follows:

1. It has seemed to be **difficult to achieve (political) agreement** with regard to the application of multi-funded CLLD; one of the main questions being at **what territorial level**; and in which type of areas CLLD should be applied in and who decides on the territorial scope of CLLD application. A related question is: who should take on the role of the intermediate body that all levels/stakeholders trust. The Commission Guidance suggests that LAGs should play a key role in the management of local development strategies supported by several funds whenever the needs and capacity of the area concerned so requires; and LAGs have sufficient capacity to do this. The Commission Guidance also states that *“it is important to let LAGs themselves reflect on the size of territory they wish to cover and the type and degree of integration they wish for their area”*.
2. In some Member States the work of LAGs are widely acknowledged and LAGs are considered to have sufficient capacity for the management of multi-funded CLLD. Whereas, in other Member States (especially in new MS with less experience), policy-makers (especially other than EAFRD management)

do not always consider LAGs (or at least not all of the LAGs) to have the necessary capacity and ability to manage different funds; or have other concerns with regard to devoting further resources and power to the LAG-level. There are indications that **in MS where LAGs are more widely acknowledged, the decision about multi-funded CLLD may also be more straightforward.**

3. Once policy-makers responsible for different funds take a joint decision with regard to the application of multi-funded CLLD; the administrative structures and procedures **may not necessarily create much extra administrative burden.** The Italian Regional Technical Secretariats show that bringing together different types of stakeholders who work with different funds, may provide a simple but efficient way of developing common rules for CLLD.
4. During the discussion group it also has been argued that **harmonisation of different funds may not be that complicated**, as there have 'only' been a number of key differences, most of which could possibly be overcome at the national level through coordination among the relevant authorities (such as level of advance payment, aid intensity, the issue on VAT-refund, harmonisation of timing of calls, evaluation and monitoring).
5. **Coordination and consultation forums** (e.g. rural development committees) generally seem to be simple but highly important tools for bringing together various stakeholders and agreeing the framework as well as the operation of funds management.

#### 4. Useful tools and information

- More detailed information on how the RTC and NSC operate in Italy is available from the Italian National Rural Network
- Link to documentary on 'funds management': <http://www.youtube.com/watch?v=nSI54VruoO4>